

Friday April 7

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FINANCIAL TIMES

Weekend
FT
Section 2

The families
who wait for
empty trawlers

Page 1



Fear of
Flying

Page XV



Young Tiger
on the prowl

Page XVI



Relics of
a colony

Page XIV

World Business Newspaper

WEEKEND APRIL 8/APRIL 9 1995

Calls for action as dollar hits new low against yen

There were fresh calls for international co-operation to stabilise currency markets as the dollar fell to a new postwar low against the yen. Jean-Claude Paye, secretary-general of the OECD, said greater policy co-ordination between Japan, Germany and the US was necessary to stabilise the currency markets. Meanwhile, official figures showing an unexpected drop in US manufacturing employment indicated that factories may be scaling back production in response to weaker consumer spending. The overall unemployment rate rose to 5.5 per cent, against 5.4 per cent in February. Page 22

FT-SE shrugs off US currency's troubles:

The dollar's troubles are holding back the international equities which provide the driving force behind the leading indices across global stock markets. Oil shares, with sales prices pinned in dollars, have been leading the charge and the FT-SE 100 Share Index showed a return of 3.8 per cent over the first three months of the year, outperforming most global markets, although not Wall Street. The Footsie closed 10 points up at 3,210.9 yesterday, a seven-month high and up 73 points on the week. Page 19

Seagram may buy MCA: American drinks company Seagram is widely rumoured to be on the point of finalising a deal to buy film studio MCA from Matsushita of Japan. Page 22 and Lex; Man in the News, Page 10

IMF poised for Ukraine loans: The IMF was poised to release a \$1.5bn stand-by loan for Ukraine. The fund's board arranged to meet only a day after Ukraine approved the 1995 budget. Page 3

Russian bankers' sell-off plan: A consortium of bankers presented the Russian government with their proposal to take over the management of key state-owned companies in exchange for extending a loan. Page 3

EBRD's future questioned: For four years the European Bank for Reconstruction and Development struggled to justify its existence and demonstrate its worth. At its four-day annual meeting which opens in London today the debate will shift to whether it has a future. Page 2

HK talks end with gloomy prognosis: As Anglo-Chinese talks on Hong Kong's future ground to a virtual standstill, it emerged that Britain is concerned that Hong Kong will pass to China in 1997 with an incomplete legal system, demoralised civil service and police force and inadequate provisions for the free movement of Hong Kong's residents. Page 4

Japanese election pact: Japan's mainstream parties formed a pact to challenge popular political independents in tomorrow's local elections, marking a pause in the reform of the country's power structure. Page 4

IBM and Telecom Italia venture: US computer group IBM and Telecom Italia, Italy's state-controlled telecoms operator, plan to market mobile offices in Italy, linking cellular telephones and portable computers. Page 8

BA and Virgin's war of words: Such is the bitterness between British Airways and Virgin Atlantic that even a legal settlement provokes another volley of vituperation. Page 6

Ferry design blamed for disaster: A joint report by Sweden, Finland and Estonia into last September's Estonia ferry disaster said foul weather and design features were factors in the sinking of the vessel in the Baltic. But the report did not accuse builders, designers or crew of negligence or wrongdoing.

Assault on Mafia: Italian police launched a dawn blitz across western Sicily, issuing arrest warrants for almost 100 Mafia suspects accused of being involved in a string of murders stretching back more than 20 years.

Aga Khan divorces wife: The Aga Khan has divorced his wife - five months after they announced the end of their 25-year-old marriage. The billionaire, revered as the direct descendant of the prophet Muhammad by 12m Ismaili Moslems, was granted a divorce from former model Sally Croker-Poole in a Swiss court.

Companies in this issue

BSkyB	8 Jones Group
Bailey (Ser)	7 Knight-Ridder
Banco Interco	7 Kynoch
Baring Capital Vent.	8 La Caja
British Airways	6 Midasax Holdings
Cookson	7 Netscape Commun.
Cott	8 New York Times
Cowie	7 North
Credit Lyonnais	Post Assurance
Deutsche Bank	Reject Shop
Du Pont	8 Seagram
Euromoney	7 Swedish Match
Fiscal Properties	7 Telecom Italia
Flying Flowers	7 Time Mirror
Gest	7 Video News Inter.
Hearst Corporation	8 Virgin
IBM	8 Volvo

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Top European banks allege big employee frauds

By John Gapper in London and Christopher Parkes in Frankfurt

Two of Europe's biggest banks yesterday said they had suffered suspected frauds by rogue employees similar to that allegedly perpetrated by Mr Nick Leeson, the Singapore trader who brought down Barings, the UK merchant bank.

A foreign exchange executive employed by Deutsche Bank has been arrested on suspicion of a DM26m (\$20m) fraud, while Credit Lyonnais disclosed details of the alleged embezzlement of

FFr600m (\$121m) involving a former manager in Egypt.

German court officials said Deutsche's 33-year-old head of foreign exchange in Nuremberg was being held, along with a 34-year-old customer. Deutsche said irregularities were identified in a routine auditing check last month.

Prosecutors said they were investigating deals in US dollar options between the former Deutsche employee and a customer dating back to April last year. Mr Leeson, who is also under arrest in Germany, traded futures and

options for Barings. Separately, Crédit Lyonnais, which lost FFr12.1bn last year, disclosed details of the alleged embezzlement of loans to Egyptian companies involving Mr Jean Louis Laguens, who is suing in the French criminal courts. Mr Jean Peyrelade, the state-controlled bank's chairman, said Mr Laguens had disappeared last year. He was initially dismissed by Crédit Lyonnais in late 1993 when it uncovered a third of the losses, but the full extent was only discovered later.

Mr Peyrelade was pessimistic about the chances of banks preventing employees from losing money periodically. He said each bank discovered small frauds of this kind at least once a month. "If you issued press releases and sued people every time this happened, you would have new newspapers and new courts, because the number of these incidents is incredible," said Mr Peyrelade, speaking on a visit to London.

"Normally the amounts are small, and people are fired. From

time to time you have something

about the chances of banks preventing employees from losing money periodically. He said each bank discovered small frauds of this kind at least once a month.

with Kidder Peabody [the US investment bank which suffered huge trading losses] and with Barings," he said.

The case of Mr Leeson, who amassed losses of \$850m through hidden derivatives trading in Singapore, leading to the collapse of Barings, has prompted calls for all banks to tighten controls of their trading risks.

Mr Laguens' losses have not been detailed before, largely because they were dwarfed by huge losses incurred by Crédit Lyonnais on lending and other activities. The French govern-

ment was forced to back a 20-year rescue package last month.

Mr Serge Boutisou, head of financial management at Crédit Lyonnais, said Mr Laguens, a long-time employee of the bank in his mid-50s who was general manager of Egyptian operations, had taken part in embezzlement over several years.

He said Mr Laguens started by making loans of up to FF10m, rolling them over when they were due to be paid. He allegedly lent money to friends' companies, knowing it would not be returned.

'It is time for Tories to talk about things that unite us,' says PM

Major calls for unity after local election rout

By Robert Peston and John Kampfner in London

Mr John Major, the British prime minister, will today make an impassioned plea for unity in the ruling Conservative party in the wake of the party's disastrous performance in the Scottish local elections.

In an article today in the Sun-mass market newspaper, Mr Major writes: "It is time for Tories to stop talking about our differences and start talking about things that unite us."

He promises lower taxes and more jobs. "People might still feel the pain, but now we can look forward to the gain. Lower taxes. Still more jobs."

Mr Major's frank admission to date that the government must take action to deliver better living standards, came after the shock caused to the party by a single local council under Conservative control north of the

tions, in which it won just 81 seats out of the 1,100 up for re-election.

The defeat comes amid other political difficulties for Mr Major, including divisions in the Conservative party over policy toward European integration and allegations of sexual and financial impropriety involving Conservative MPs.

Opinion pollsters last night predicted that in next month's local elections in England and Wales, the Tory share of the vote could fall below 20 per cent, which would mean losses of up to 2,000 seats out of the 4,000 they are defending.

The Conservatives' share of the Scottish vote slumped to an estimated 11 per cent, compared with 26 per cent in the 1982 general election and 13.7 per cent in last year's local poll. There is now not a single local council under Conservative control north of the

border.

Labour meanwhile took control of 20 out of the 29 councils up for election and a 46 per cent share of the vote, compared with 39 per cent in the general election.

The Scottish National Party achieved a 26 per cent share and has control of three councils. The Liberal Democrats trailed with just 9 per cent of the vote, but won 123 seats, 52 per cent more than the Conservatives.

In a gesture normally reserved

for general election defeats, Mr Major congratulated Mr Tony Blair, leader of the Labour party, on his party's success.

He blamed party feuding for the rout. "They were very poor results indeed," he said. "The people in the country expect the party to be united."

Mr Blair described the results as an "absolute disaster" for the government.

"At the end of the week when we have seen huge problems encountered by the health secretary, the home secretary and the transport secretary, it is ludicrous to suggest, as the Tories

do, that their main problem is no question of his becoming complacent in the wake of the Scottish success and that he was committed to pressing on with modernising the party."

Mr Douglas Hurd, the foreign secretary, moved swiftly to ward off any challenge to Mr Major's leadership, which might follow the England and Wales council elections.

Analysis and reaction, Page 5;

Higher hurdles along the track,

Page 9; Lex, Page 22

Continued on Page 22

France moves to keep alive hopes of single EU currency

By Lionel Barber and David Buchan in Paris

France will today open a politically sensitive debate on the planned single European currency with proposals on the weight, shape and denomination of the new coinage.

The French proposals, to be unveiled at an informal meeting of European Union finance ministers and central bank governors in Versailles, are aimed at keeping alive slim hopes of a move to economic and monetary union by 1997.

But a discussion of preparations for a single currency could cause discomfort to the UK government, which is keeping open its ERM option, in spite of pressure from Euro-rebels in the ruling Conservative party to rule out future participation.

Germany may also be an unenthusiastic participant. Mr Theo

Waigel, finance minister, and Mr Hans Tietmeyer, Bundesbank president, are nervous about a suggestion that the move to a single currency will be automatic, or that the Maastricht treaty's criteria for EMU might be diluted.

Neither German representatives favour the French preference for calling the future single currency the Ecu, because the present Ecu has been losing its value steadily against the D-Mark.

Mr Edmond Alphandery, French economics minister, said the two-day Versailles meeting would give politicians a chance to examine the problems in a switch to a single currency. Up to now, these had been dealt with by technical experts.

France, which holds the rotating EU presidency, plans to put the delicate issue of the design of the new coins and notes on the agenda of the European summit in Cannes in June. It is widely accepted that the name and symbols on the currency will have to be settled by government leaders.

Informed estimates suggest

that it could take between two and four years to mint the coins and put them into circulation.

Mr Kenneth Clarke, UK chancellor of the exchequer, has predicted "not a single member state" will be ready for EMU in 1997. But he has pledged that Britain will play a constructive role in technical preparations for EMU, and has refused to say whether Britain will exercise its treaty opt-out in 1999.

Though no decisions will be taken at the meeting, the talks reflect the need to prepare the public and the banks for a new currency. All technical issues must be resolved by the end of next year, according to the Maastricht treaty.

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NEWS: EUROPE

European bank eyes future funding

By Anthony Robinson
in London

For four years the European Bank for Reconstruction and Development (EBRD) struggled to justify its existence and demonstrate its worth. At its four-day annual meeting which opens in London today the debate will shift to whether it has a future.

As usual, it is largely a question of money. The bank's 57 government shareholders pledged a total of Ecu10bn (US\$8bn) in start-up capital and reserves to get the bank started in 1991. This weekend they will start applying their minds to whether they should subscribe more taxpayers' money in 1995 to fund a capital increase.

Senior officials, who have prepared a technical paper listing actual and projected lending and disbursements, say an increased capital base is needed if the bank is to continue financing the rapid growth of private enterprise in the former communist world into the 21st century.

Over the last two years the bank, under the leadership of Mr Jacques de Larosière, former managing director of the IMF, and his deputy Mr Ron

EBRD GATHERING MOMENTUM				
	1994	1993	1992	1991*
	number	number	number	number
New projects approved	105	80	47	16
EBRD financing for year	ECU1m	ECU1m	ECU1m	ECU1m
Approved	2,403	2,082	951	550
Committed	1,878	1,642	826	53
Disbursed	591	409	127	0
Total project funds	6,909	5,973	3,315	1,223

*9 months operations
Source: European Bank for Reconstruction and Development

Freeman, a US merchant banker recruited from Salomon Brothers, has sloughed off the "glistening bank" image gained under its controversial first president, Mr Jacques Attali. The original confusing split between the bank's development and investment banking activities was also replaced by an integrated banking division under Mr Freeman's control after last year's annual meeting in St Petersburg.

Mr de Larosière knew when he took over the EBRD two years ago that it had no chance of obtaining a capital increase for further expansion unless it cut costs, sharpened its focus and demonstrated its ability to deliver a level and quality of service unmatched by existing

international financial institutions or the purely profit-driven commercial banks.

The bank's annual report, published earlier this week, outlines some of the progress made since then. Overall operating costs were cut by one per cent last year while the value of signed loans and equity investments climbed 74 per cent to Ecu1.88bn and net disbursements rose from Ecu408m in 1993 to Ecu51m. In addition projects worth another Ecu1.6bn were approved, but not yet signed off by the board.

The bank claims the quality of projects also improved, with greater emphasis on path-breaking projects which helped pave the way for privatisation in Russia and elsewhere and

Western governments are expected to give an unenthusiastic response to proposals for an increase in the share capital of the EBRD, write Anthony Robinson and Gillian Tett. But they will probably approve a study of the issues prior to next year's annual meeting in Sofia, Bulgaria, a Canadian spokesman said yesterday. The US Treasury said it would study "carefully" any requests for further contributions.

on projects which alleviated infrastructural bottlenecks.

The bank also provided "comfort" and encouragement for otherwise reluctant private sector investors to go ahead with co-financing projects. "For every Ecu invested by the EBRD two more from industrial and institutional investors were mobilised, raising the overall value of approved EBRD-financed projects to Ecu7.4bn," the bank says.

"The bank is prepared to lend for longer periods, take equity stakes and take more of a risk than the private sector. This attracts domestic and foreign investors who also want to come into projects with us because they know that we'll be dealing with governments

and projects over an extended period. If those involved don't stick to agreements they know they will be unlikely to get access to future projects. All this provides the 'comfort' which attracts private investors," says Mr Nicholas Stern, the bank's chief economist.

Banking is another sector where the EBRD has stepped up its presence. Given its multinational nature and relatively high cost base it was never designed as a retail bank. But it plays an important role as a provider of "wholesale" funds, either through loans to private banks or through equity stakes.

For all its cost-cutting and sharper focus however the bank is still saddled with the cost of providing offices and tax free salaries for 23 executive board members and their deputies. They represent the same governments who over the next 12 months will be deciding whether the bank offers value for their money.

Ironically the EBRD would look even more cost-effective if it were relieved of the costs of carrying a bloated board of government nominees which alone accounts for 12 per cent of total costs.

Climate change talks seen as modest success

By Helga Simonian in Berlin

For a meeting which kicked-off with show-stoppers such as "common but differentiated responsibilities" and which decided to "apply but not adopt" a set of rules, the fact that the Berlin conference on climate change achieved anything should be seen as a success.

Yesterday's agreement on the inadequacy of existing efforts to combat climate change by cutting emissions of greenhouse gases, such as carbon dioxide, represented a step forward. So did the agreement to set a 1997 deadline for negotiations on further legally binding action.

That may not satisfy environmentalists, who hoped the meeting would set a much tougher negotiating straight-jacket. Some small island states, backed by a brigade of non-governmental lobbyists, were pleased the ball rolling.

The burden of reduction will rest with industrialised states, still the biggest producers of greenhouse gases. Developing nations did agree to joint implementation - whereby industrialised states can sponsor reductions in emissions in the developing world and be credited against their own quota.

Joint implementation will begin with an open-ended pilot phase. Once states have gained experience, talks will be held on making it permanent and on the crediting criteria to be applied.

The results should be sufficient for Germany, the host, to deem the conference a success.

That will be a relief for Chancellor Helmut Kohl's government, which faces regular attack from the powerful "green" movement for alleged lip-service to the environment.

Bonn has been chosen as the seat of the permanent secretariat for the climate change convention, reinforcing Germany's "green" credentials.

The transfer will also help to cushion the blow to Bonn when the federal government moves to Berlin around 1998.

India, which has been assiduously courted by European environment ministers, also stood out. It played an essential part in taking the initiative on accelerating negotiations last week.

And China, although keeping a low profile, acknowledged for the first time that climate change was a problem for all and not just industrialised countries.

Joint implementation will

Iceland at a crossroads without a map

Election talk has missed out security and the EU, writes Hugh Carnegy

The Vikings who founded Iceland's parliament - the Althing - a thousand years ago were a rugged band of settlers undeterred by the glaciers, geysers and barren landscape which dominate the remote, north Atlantic island. But their chieftains at least held their assemblies at midsummer, when the sun shines all day and all night and has some warmth in it.

Today's Icelandic politicians may have cars and aeroplanes in place of carts and longships, but their scheduling of elections in early April is definitely a regression from the ways of their hardy ancestors.

On Thursday an attempt to venture to the fishing communities on the tiny Vestman islands off the south coast to test opinion ahead of today's general election was thwarted by a near-blizzard. The flight from Reykjavik circled in thick cloud over the volcanic Vestman outcrops before lurching back to the capital.

"This is Iceland," shrugged Mr Sigríður Bjarnason, Iceland's Businessman of the

Year in 1994, who was vainly trying to return to his busy fish processing operations from meetings on the mainland.

As usual, fish is a central issue in the election. The backbone of the economy, the fishing industry accounts for some 50 per cent of export goods and some 20 per cent of GDP. Arguments are swirling among the six political parties - one for every 33,000 inhabitants - over questions such as the recent drastic cut in cod quotas and proposals to tax the inheritance of individuals' fishing quotas.

Despite the quota cuts, the economy is improving. Growth of about 3 per cent is expected this year. Iceland's previously chronic inflation has been tamed and unemployment is starting to edge below five per cent.

But polls suggest the incumbent coalition of prime minister David Oddsson's Independence party and the Social Democrats could lose its Althing majority.

If so, prolonged negotiations for a new coalition will ensue,

with all six parties involved, including Iceland's women-only party, the Women's Alliance.

Curiously, however, two important strategic issues facing Iceland have been little discussed in the election campaign. These are the related questions of Iceland's security stance in the post-Cold War era and whether it should apply for membership of the European Union.

Much to the frustration of Mr Jon Baldvin Hannibalsson, foreign minister and leader of the SDP, his rival party leaders have been reluctant to confront issues which for most provoke awkward splits in their party ranks.

Yet Mr Hannibalsson insists that Iceland - a founder member of Nato, occupying a key strategic maritime position between the US and Russia but with no armed forces of its own - is at a critical juncture.

But Mr Oddsson argues that Iceland's EU membership is secure. He says EU membership at present is simply impossible because Iceland's demand to retain full control

over its fishing grounds is irreconcilable with the EU's common fisheries policy. He does not rule out eventual EU membership, but says an application must wait until after next year's EU Intergovernmental Conference on the Union's future at least.

Mr Hannibalsson warns that Iceland is gradually being marginalised by the shifts in Nato, Washington's desire to cut back its commitment at the Keflavik military base near Reykjavik (which forms Iceland's defence) and by the accession to the EU of EFTA and EEA partners Austria, Finland and Sweden.

The SDP recently became the first Icelandic political party to endorse an application for EU membership. This stance has significant support among many young Icelanders and from the non-fish business community.

But Mr Oddsson argues that Iceland's EU membership is secure. He says EU membership at present is simply impossible because Iceland's demand to retain full control

over its fishing grounds is irreconcilable with the EU's common fisheries policy. He does not rule out eventual EU membership, but says an application must wait until after next year's EU Intergovernmental Conference on the Union's future at least.

Key industry figures such as Mr Bjarnason (he is also chairman of Iceland's fish producers association) fully back this position. On the aborted plane trip, he expressed the hope that the election would produce a new coalition between the Independence party - to which he belongs - and the rural Progressive party. "That would be best for the fishing industry," he said.

The Viking settlers, who opted for the remoteness of Iceland when others were colonising closer to home in Europe, might have sympathised. But Mr Hannibalsson says such an outcome would be disastrous.

"It would mean the most conservative and isolationist forces would join together. Then you can forget about Europe," he said.

The judgment means that a software or pharmaceutical company - assuming it was dominant and was using an intellectual property right to prevent a competing producer's emergence - could be challenged in exceptional circumstances if it refused to grant a licence," said one lawyer.

Judges in Luxembourg ruled that three Irish and British television companies that held information necessary for compiling television listings from other publications were abusing their dominant positions in the market.

Judges in Luxembourg ruled that the companies - RTE, the BBC and ITN - broke EU competition rules by refusing to license an industrial property right, in this case television listings, to competitors.

The Commission believed the networks were abusing article 86 of the Rome Treaty which says that companies are not allowed to abuse a dominant position and backed Magill's complaint.

The court's ruling on Wednesday will make no noticeable difference to television listings in Ireland and the

UK. Since Magill went to court the situation has altered radically in both countries so there is open access listings.

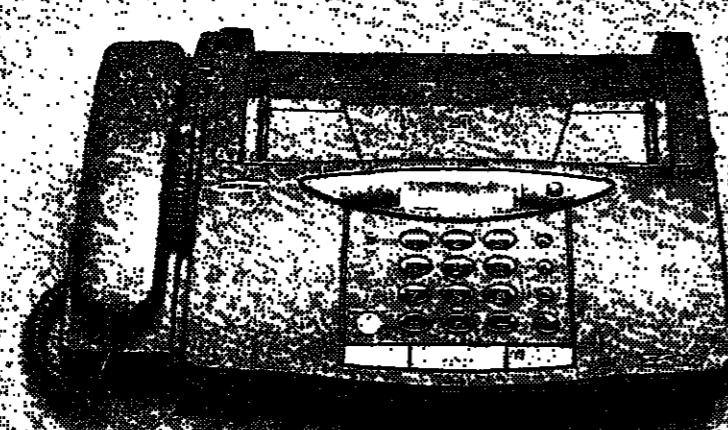
But Magill - whose TV magazine was stifled at birth - has said it will seek compensation from the Irish network.

The Commission has stressed that a refusal to license does not normally constitute an abuse, as the majority of copyright holders are not in a dominant position.

However, the ruling could prompt it to press ahead with other similar cases. One involves Minolta, which manufactures photocopying machines. Suppliers of toner have complained at its refusal to licence the design of its toner bottles.

Meanwhile, US manufacturers - especially software manufacturers - are jumpy and are expected to argue that the judgment represents a lack of respect for the sanctity of intellectual property rights.

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Corsica lukewarm on Balladur

Presidential candidate's tour fails to inspire the 'island of beauty'

By Andrew Jack
in Ajaccio, Corsica

FRENCH ELECTIONS
April 23/May 7

Police lined the roads and bodyguards were omnipresent but the only security alert during French Prime Minister Edouard Balladur's presidential campaign visit to Corsica turned out to be a traditional rural welcome being fired into the air at a farm stop.

Mr Balladur made the most of being the first presidential candidate to visit the island during the elections, but arriving from Paris at lunchtime on Thursday and returning the same evening with an entourage of 50 journalists - he clearly had no intention of lingering too long.

Mr Balladur, who has recently been rising in the polls again, was lured to the traditionally centre-right-voting island partly to build on the influence of his three cabinet ministers with local connections: Mr Charles Pascual, interior minister, and Mr Rossi, defence minister, were all out with Mr Balladur trying to gather local support for their leader and preserve their own hold on power.

But as yesterday in Ajaccio said yesterday: "There are plenty of others waiting to take their places. Corsica is a traditional, right-wing place. Most people here will vote for Chirac."

There was little sign of such discontentment at the election meetings, however, although the biggest applause seemed often to be stolen by a radiant Mr Pascual, clearly at home with the crowds, while Mr Balladur sometimes nervously fidgeted with his jacket buttons.

The Mediterranean sun did little to thaw the prime minister's icy personality. There were only occasional forced smiles as a local singer held him captive with first a Corsican, and then a French, folksong at his second gathering, a



Edouard Balladur (centre) watches the preparation of traditional Corsican doughnuts

farm in the village of Frangipani.

"I will vote for Balladur because he is new," said one woman reflecting frustration at long-enduring "professional" politicians. "Chirac is all like this," said a hotel worker, puffing out his chest to suggest pride and pomp. "He has nothing up here," pointing his finger at his head. "Balladur is more like Napoleon. There is much more up here and less down there."

It was in Ajaccio, birthplace of Napoleon, on his final meeting that the prime minister developed his other late-developing theme in response to falling poll ratings: an appeal to youth. "We need to restore pride in France, above all for our young people," he said.

At the rally, "Youth for Balladur" lined the stage, cheering at the appropriate times. Yet they looked rather more lost as they struggled to remember the words of the national anthem with which their candidate led the crowd at the end of his discourse.

Many local young people had different ideas. A number of the posters of Mr Balladur pasted up around Ajaccio sang at his second gathering, a

forthcoming homage to another teen idol: a US "grunge" singer who recently committed suicide, Kurt Cobain.

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EUROPEAN NEWS DIGEST

Fresh effort to solve fish row

Talks between the EU and Canada resumed in Brussels yesterday to try to settle the dispute over fishing rights in grounds outside Canada's 200-mile limit. Talks could continue over the weekend, a Commission official said, in an effort to conclude a deal that Mrs Emma Bonino, fisheries commissioner, would present to EU foreign ministers on Monday.

The negotiators are expected to try to bridge remaining differences over allocation of a 27,000-tonne quota for Greenland halibut, also known as turbot. Spain has rejected a proposed formula which would give the EU and Canada 10,000 tonnes each of the total quota. Madrid also opposes the idea of a "box" or fishing area in northern international waters where Canadian fishermen alone would be allowed to fish. Under this proposal Canada could take 7,000 tonnes from the "box" and 3,000 tonnes in southern waters.

The two sides also still have to resolve the question of how much fish Spain has already netted this year. Canada asserts that Spanish trawlers have fished 16,000 tonnes while the EU puts the figure at 7,000. *Caroline Southey, Brussels*

Worker unrest in Russia

Industrial unrest is rippling across Russia as coal miners and Aeroflot flight crews stage industrial action to demand back pay and an improvement in working conditions.

The miners on Sakhalin island in Russia's far east yesterday staged sit-in protests demanding the government settle their outstanding wages bill. Coal miners in nearby Primorsky Krai are also staging intermittent industrial action and hunger strikes over back pay.

Aeroflot's flight crews said they would call three one-day strikes starting today. Trade union leaders demanded the sacking of Mr Vladimir Tikhonov, the airline's general director, and an improvement in management of the partly privatised airline. Mr Tikhonov promised to take "harsh measures" to counter the strike. *John Thornhill, Moscow*

EU showdown over energy

Mr Karel Van Miert, European Union commissioner responsible for competition policy, yesterday renewed a threat to break up the EU's highly regulated energy market using special powers that allow the Commission in Brussels to make laws without the agreement of member states.

After three years of deadlock, the Commission wants to speed up progress on liberalising the energy sector, which is dominated in most member states by state monopolies.

The Commission has submitted proposals to the council of ministers establishing common rules to allow third party access to electricity and gas networks and to separate power companies' accounts for production, distribution and transport. Mr Van Miert said unless the proposals were accepted, the Commission would be forced to take action itself under Article 90 of the Rome treaty, which is unpopular with member states as it allows the Commission to override their objections. *Emma Tucker, Luxembourg*

Brussels probes floppy disks

The European Commission said yesterday it was investigating charges that imports of floppy computer disks from Canada, Indonesia, Macao and Thailand were being dumped in the European Union.

The probe followed a complaint last September by the Committee of European Diskette Manufacturers that imports of the 3.5-inch disks had increased "significantly" at prices which were harming EU producers. *Reuter, Brussels*

French industrial output up

French industrial production rose by 0.2 per cent in January, leaving output 5.6 per cent higher than in January 1994, according to seasonally adjusted data from the national statistics office, INSEE. Manufacturing output fell 1.8 per cent but this was offset by a 7.2 per cent increase in energy production. Electricity exports were particularly strong. Semi-finished goods output fell 3.8 per cent, partly due to severe flooding in parts of the country that closed factories. *Reuter, Paris*

OBITUARY**Lucy Dicker dies in ski accident**

Lucy Dicker (left), friend and companion of Arnold Wilson, Financial Times skiing correspondent, died in an accident in the French Alps on Thursday. Peter Hardy, editor of the *Good Skiing* guide, was badly injured. Lucy, who was 41, last year completed the FT round the world skiing expedition with Arnold. They skied every day in 1994 in resorts throughout the world. The accident happened on the last run of their final trip this season on a testing run of 7,000 vertical feet of steep untracked terrain. Lucy was one of a party of nine, including four journalists and a guide. They were skiing from La Grave near Les Deux Alpes when the accident happened.

Lucy left her job as general manager (UK) of Touralp, the former ski tour operator, at the end of 1993, to join Arnold on the FT expedition. She took a prominent part in organising the expedition and obtaining sponsorship, as well as skiing with him. "Skiing had become a great passion for her," Arnold said. Lucy and Arnold have been living in France this year, writing a book about their adventures during the expedition. This was described in a series of articles in the weekend FT last year.

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NEWS: EUROPE
Russian bankers present companies plan

By Chrystia Freeland
In Moscow

A consortium of Russian bankers yesterday presented the Russian government with their proposal to take over the management of key state-owned companies in exchange for extending a loan to the state.

Opponents of the bankers' plan fear that it will concen-

trate too much power in the hands of a clique of financiers and state officials and could lead to the sell-off of Russia's most precious assets at discount prices.

But its supporters argue that it is the most realistic way of swiftly raising revenues for the government and is preferable to keeping the companies under the direct control of the state.

"These things must be decided around the negotiating table," the banker said. "We bankers have acted swiftly,

now it's up to the government to respond."

However,

after a week of

fierce jockeying among

Moscow financiers seeking to

be included within the potentially all-powerful consortium,

the written proposal does not include a list of the state enterprises the banks hope to take over, nor does it mention a specific sum of money which the consortium would be prepared to lend the government.

"These things must be

decided around the negotiating

table," the banker said. "We

bankers have acted swiftly,

monopoly gas export company which was once run by Mr Victor Chernomyrdin, the Russian prime minister. Oneximbank, Unikombank, Menatep and Stolichny.

Earlier this week a group of

leading opposition politicians in

the parliament, including

Mr Gennady Zyuganov, the

head of the communist party,

and Mr Vladimir Zhirinovsky,

head of Russia's extreme

nationalists, sent an open letter to the president voicing their opposition to the scheme.

But some leading liberal politi-

cians have come out in

favour of the plan. One promi-

nent liberal parliamentarian

explained that "we face a

choice between somewhat

shady but Russian-owned

banks and western investors. I

prefer that our own bankers

run the Russian economy."

Natural gas fuels Kiev's row with Moscow

By Chrystia Freeland
in Moscow and Matthew Kaminski in Kiev

Mr Oleksandr Moroz, the speaker of the Ukrainian parliament, warned this week that Gazprom, Russia's monopoly gas exporter, is again on the verge of cutting off supplies to Ukraine. The warning was swiftly denied by Gazprom authorities in Moscow, but the contretemps drew attention to an issue which has bedevilled Ukrainian-Russian relations for the past three years and hobbled the economic development of both countries: natural gas.

A deal reached last month converting part of Ukraine's debt to Gazprom into govern-

ment bonds has transformed the conflict over natural gas into a broader battle over Ukraine's economic sovereignty. Gazprom hopes to swap the debt for a controlling stake in 15 key Ukrainian enterprises but Ukrainian authorities, while eager to "normalise" their relations with Russia and one of its leading companies, are wary of seeing too much economic control to Moscow.

The issue has become a critical strategic battleground between Moscow and Kiev. Gazprom, once run by Mr Victor Chernomyrdin, now the Russian prime minister, has intimate ties with the Russian government and has been a key instrument in the Kremlin's pragmatic new foreign policy of seeking economic control over territories over

which it has lost political and military suzerainty. In addition to Ukraine, Gazprom is angling for stakes in key enterprises in neighbouring Moldova.

Gaz has loomed large in Ukrainian-Russian relations because Soviet central planners inadvertently created a situation which has allowed the two, often hostile, Slavic super powers to blackmail one another. As the supplier of the lion's share of Ukraine's natural gas, Russia can simply cut off supplies to Ukraine.

But Russia's willingness to resort to this expedient has been restricted by its own dependence on Ukraine. More than 95 per cent of Russian natural gas exports to the west run through Ukrainian pipelines, and whenever supplies to

Ukraine have been cut, Ukrainian authorities have tended to share the pain with Russia's western customers.

In practice this mutual dependence has meant that Gazprom has continued to supply Ukraine with natural gas, despite Ukraine's repeated failure to pay its debts to the company. But, last month, under pressure from the International Monetary Fund, which is extending generous aid to both countries, and amid efforts to normalise Ukrainian-Russian relations, Kiev and Moscow reached a deal converting \$1.4bn (£859m) of Ukraine's debt to Gazprom into govern-

ment bonds.

Gazprom is now hoping to convert these bonds into stakes of between 35 and 50 per

cent in key Ukrainian enterprises, including the crucial gas pipeline and two gas reservoirs. But while Ukrainian officials are willing to work out a debt for equity swap, they are adamant that Gazprom should not be allowed to take a controlling stake.

Mr Evheny Filozop,

an official

at the Ukrainian State Property Fund responsible for working out the deal, says Gazprom's stake will be limited to between 15 and 20 per cent, even though "they want more". "They won't get a controlling interest," Mr Filozop said. "but we won't oppose RAO Gazprom participating in privatisation."

But he also told Ukrainian

industrial and domestic consumers it was time to adapt to the harsh realities of the market and stop using gas Ukrainians are unable to pay for.

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NEWS: INTERNATIONAL

Japan's old guard forms pact for local polls

By William Dawkins in Tokyo

Japan's mainstream political parties have formed a pact to challenge popular political independents in tomorrow's local elections, marking a pause in the reform of the country's power structure.

The three government coalition partners have agreed to suspend differences with the main opposition party and back joint candidates in seven of the 13 prefectural governorships up for election this weekend.

This is a wider than usual electoral pact by the standards of local Japanese politics, and a consequence of both sides' disarray. They will fight each other in only four prefectures,

with a free vote in the remaining two. Voters will also select 43 of Japan's 47 prefectoral assemblies on Sunday.

Pre-election polls show that political independents have attracted strong support against the former bureaucrats, symbols of the old style of collusive politics, standing for election to the governments of Tokyo and Osaka, the second largest city.

A record number of voters profess to support no party, 84 per cent in Tokyo and 82 per cent in Osaka according to Kyodo news agency. This is a mark of the public's weariness with the past two years of political upheaval, say political analysts.

The frontrunner in Tokyo is

Mr Yukio Aoshima, a novelist and former television personality, famous for once having gone on hunger strike to demand the resignation of Mr Shin Kanemaru, one-time political godfather of the Liberal Democratic party, now on trial for alleged tax evasion.

Mr Aoshima has 14 per cent support, according to the Kyodo poll, slightly ahead of the LDP's candidate Mr Nobuo Ishihara, former deputy chief cabinet secretary, with 10.9 per cent.

Mr Ishihara is a powerful example of the old guard, having served as the most senior member of the public administration - in charge of the prime minister's office - under seven governments. The well

funded and professional electoral machine at Mr Ishihara's disposal, plus the guaranteed vote of LDP supporters, may well defeat Mr Aoshima, say political analysts.

The main opposition group, the National Front party, was unable to agree on a candidate for Tokyo and has told its supporters to vote for whom they like. However, the independent vote is fragmented among five non-partisan candidates.

Osaka faces a similar battle between an independent and the old guard, though the independent is more likely to win in Tokyo.

He is Mr Nokoku "Knock" Yokoyama, a former professional comedian, who is stand-

ing, with 20.4 per cent in the polls, against Mr Takuya Hirano, a former bureaucrat with backing from the LDP and NPF, lagging with 10.1 per cent. That gap may be too large to close, believes Mr Kensei Uchida, professor in politics at Tokai University.

After Tokyo and Osaka, the most important contest will be in Iwate, northern Japan, the home region of Mr Ichiro Ozawa, who as the NPF's strategic mastermind is the most influential opposition politician. If the LDP and NPF are backing opposing candidates in Iwate, the outcome of which will clearly affect Mr Ozawa's future.

Beyond that, the local poll has limited national impact.

The Social Democratic party, the LDP's junior coalition partner, is widely expected to do badly. If it does even worse than expected, this may strengthen the hand of some in the LDP, who would like to drop the SDP and push for a general election this summer in the hope of regaining the outright parliamentary majority it held for the 28 years until 1989.

That option was floated a few days ago by Mr Keizo Obuchi, LDP vice president, who has emerged in recent months as the main power behind the scenes; there. However, the LDP is divided over who should succeed the SDP's Mr Tomio Mureyama as prime minister.

Hong Kong handover talks end on gloomy note

By Simon Holberton in Hong Kong

Britain is concerned that Hong Kong will pass to China in 1997 with an incomplete legal system, demoralised civil service and police force, and inadequate provisions for the free movement of Hong Kong's residents.

This gloomy prognosis for one of Asia's most vibrant economies emerged yesterday as talks ended yesterday between Britain and China on Hong Kong's future ground to a virtual standstill.

The lack of progress in the business

of the Joint Liaison Group (JLG) - the Sino-British body dealing with the handover - is likely to cast a pall over a meeting in New York in two weeks between Mr Douglas Hurd, Britain's foreign secretary, and his Chinese counterpart Mr Qian Qichen.

With little more than two years before Hong Kong reverts to Chinese sovereignty, a senior Hong Kong government official said no signs emerged from the talks that Beijing was interested in co-operation, outside defence and other such areas. "They seem to have set their course and are going for it," he said.

In summing up three days of talks Mr Hugh Davies, Britain's chief JLG representative, implied that China's unwillingness to reach agreement was putting at risk the elements of Hong Kong's social structure which make it an attractive place in which to live and do business. "We are now facing increasingly urgent questions from the community and overseas about what is being done to perpetuate the rule of law," he said.

Mr Davies cited China's refusal to specify its objections to a proposed Hong Kong law which would establish a court of final appeal in the colony

before 1997. Separately yesterday, Governor Chris Patten said "China's attachment to the rule of law" in Hong Kong would be questioned if it blocked the establishment of the court in the colony.

The two sides agreed in 1991 to establish the court before the handover but China, which had had a copy of the bill for nearly a year, appears less committed to the agreement. Mr Davies said more talks would be held towards the end of this month.

But as Mr Patten hinted yesterday, time for talking is running out - code for introducing the bill into the Legislative Council, Hong Kong's lawmaking body, without China's blessing.

Mr Zhou Jian, Mr Davies' opposite number, charged that Britain had breached past agreements by making changes to Hong Kong's law. On the issue of the court he said it was a matter for Britain and China and "should in no way be made subject to a third party".

Earlier this week a senior mainland official made it clear that if Britain proceeded to establish the court without Beijing's approval then the court would not transit 1997.

Building a new HK in the north

Mayor Bo of Dalian outlines his vision of the Chinese port city's bustling future to Tony Walker



Mr Bo Xilai, mayor of Dalian, could not be accused of thinking small. His ambitions for the northern port city of 5m people match those of fellow mayors in southern China's boomtowns of Shanghai and Guangzhou. Indeed, Mayor Bo likes to conjure visions of Dalian as the "Hong Kong of north China," though it has a long way to go to become a trading and financial centre of international weight.

"I hope our city can take full advantage of its location as a natural seaport and become a key city in northern China - in terms of finance, commerce, trade, tourism and information industries," he says.

Mayor Bo, 45, represents the new breed of Chinese official: well groomed, well connected (his father, Mr Bo Yibo, marched with Mao in the revolution and is a former finance minister), well educated and internationalist in outlook. But in spite of the rapid changes under way in China his job brings its share of frustrations.

A credit squeeze by the central government is slowing eco-

nomic activity and the port city has lost some of its lustre as an investment destination. Japanese companies such as Toshiba and Canon, which had poured millions of dollars into a new investment zone north of Dalian, are hesitating before committing themselves to further expansion. Inflation, labour disputes, and an uncertain regulatory environment are taking a toll.

But Mayor Bo is convinced that Dalian's natural advantages as the "gateway" to China's north-east outweigh what he regards as short-term problems resulting from policies aimed at curbing inflation.

"In Dalian," he says, "we talk about how to play the role of a window for the three north-east provinces [Liaoning, Jilin and Heilongjiang] which are China's most important base for heavy industries and natural resources."

But Dalian's linkage with China's north-east industrial heartland is both a blessing and a curse, since state industries in such cities as Anshan, home of the country's biggest steelworks, and Shenyang and Harbin, are among the country's most depressed.

Dalian's further progress both as an *entrepot* and finan-



cial hub depends to an extent on a revitalised north-east and this is proving a slow and painful process.

But the city is far from standing still. The skyline is dominated by high-rise buildings under construction, plans are afoot to more than double the size of the port by adding capacity of 80m tonnes a year, and efforts are being made to further enliven the financial sector.

China's banks appear convinced that Dalian will assume greater importance. The Bank of China, Citic Industrial Bank and Everbright Bank are among a number of Chinese financial institutions which have constructed large premises in Dalian itself and in its Economic and Technological Development Zone.

Mayor Bo is also keen to promote Dalian as an all-round mercantile centre complete with active financial markets. He notes approvingly that turnover in the Dalian grain

futures market reached Yn120bn (£21.7bn) last year - one of the biggest such markets in the country.

But Dalian lags behind Shanghai and Guangzhou in its ability to attract foreign financial institutions. At latest count, there were eight foreign-funded branches in Dalian and 18 foreign banks with representative offices. Mr Bo looks forward to the day when restrictions are lifted on foreign banks engaging in local currency business.

Dalian has been relatively successful in attracting foreign investment, but less so than southern Chinese cities. By the end of 1994, pledged foreign capital had reached \$6.6bn (£4.1bn) with about \$2bn having been used. The biggest foreign investor is Total, the French oil company, which is investing in a 300,000 tonne oil refinery.

Among Dalian's geographic advantages, apart from being a gateway to the north-east, is

its key location at the entrance to the Bohai Sea, which is bounded by some of China's largest cities such as Tianjin.

The central government has set as a priority the development of the "Bohai rim" to balance economic progress in southern China. The "rim" encompasses 680,000 sq km in the provinces of Shandong, Shanxi, Hebei and Liaoning and the municipalities of Tianjin and Beijing. Mayor Bo says development of the Bohai rim as an entity in itself, although at a preliminary stage, will obviously be good for Dalian.

He mentions that plans to improve communications within the region include a ship-train connection between Dalian and Yantai. He dismisses with a laugh plans to build a tunnel under the Bohai to connect Dalian with Shandong.

"Someone even suggested we build a dike across the Bohai and turn the bay into the world's biggest prawn breeding farm," he said.

Mayor Bo's vision for Dalian is not to compete with Shanghai in size, but in quality of services and performance. "My goal is to be the best, not the largest - since big family, big problem."

Fujimori fights for victory in first round of election

Sally Bowen assesses the competition between the incumbent president and his rival, Pérez de Cuellar

This week marked the third anniversary of President Alberto Fujimori's dissolution of a congress he considered hostile, and the suspension of a constitution he later rewrote to permit the re-election of an incumbent president.

If Mr Fujimori wins tomorrow's presidential election, it would be the first time in 67 years that a Peruvian president has been elected for a second term. Peruvians may well complain that, for Mr Fujimori, the means have justified the ends.

Pollsters are divided on the outcome. Some foresee president Fujimori winning a further five-year term in tomorrow's first-round ballot; he needs a 50 per cent share of votes to secure re-election.

Other pollsters say the president's support is dwindling and predict his closest challenger, former UN secretary-general Javier Pérez de Cuellar, will take him to a second round run-off, to be held in several weeks.

Six weeks ago the prospect of a second-round ballot looked remote. President Fujimori's approval ratings, consistently high throughout his presidency, had been further boosted by the wave of patriotic sentiment which accompanied February's border conflict with Ecuador.

Since then his credibility has eroded. An expected "victory"

over Ecuador has become an indecisive stalemate. The handling of the conflict by Mr Fujimori and his close military and intelligence allies has been subjected to uncomfortable questioning.

And the so-called "Invincible effect" - the debate over whether the president lied to the nation about the Ecuador conflict - has given Peru's ragged political opposition further ammunition.

Mr Fujimori, meanwhile, is campaigning on his record. Since 1990, he has successfully tackled inflation, tamed two guerrilla movements, including the Shining Path, re-established the country's international credibility and presided over the continent's fastest-growing economy.

A self-confessed authoritarian and enthusiastic manager, Mr Fujimori's strength lies in reaching out to the new 120-seat congress.

Fujimori: appeal to the poor

The poor. Most days of the week, he escapes his government villa or any one of Peru's hundreds of thousands of remote rural communities, dropping in by helicopter with gifts, advice and promises of new schools, roads and health posts.

Thanks to better fiscal management and international assistance, many of these promises have become reality.

The 74-year-old Mr Pérez de Cuellar has proved an unexpectedly committed campaigner. His 10 years as the head of the UN, he says, has toughened him up physically and accustomed him to the sort of verbal attack and criticism diplomats rarely encounter.

In the past two weeks, he has fulfilled a packed schedule of visits to Peru's interior. His public meetings in the main squares of big provincial cities such as Arequipa and Cuzco have rekindled, somewhat late in the day, the embers of opposition to Mr Fujimori. Mr Pérez de Cuellar has pledged to lead Peru back to full democracy, reform the judiciary and to create millions of jobs.

Even if Mr Fujimori secures a first-round victory on Sunday, it seems clear his ruling alliance of "technocrats and independents" will be denied a working majority in the new 120-seat congress.

IMF boost for Argentina as cash disbursed

By David Pilling

In Buenos Aires

Argentina yesterday received a boost of confidence with the arrival of \$450m of IMF money, the first instalment of a total of \$2.8bn that the Fund will lend the country this year.

A further \$1.2bn is due to arrive next week, with the remaining \$1.2bn to be disbursed in three subsequent tranches during 1995. In confirming its support for Argentina, the IMF said "the country's economic fundamentals are very healthy" and predicted growth this year of 2.4 per cent with annual inflation of 3.6 per cent.

The money, part of a total \$7bn external financing package arranged by Argentina with several multilateral and private institutions, will be used to reorganise the fragile banking sector and to build up a fiscal surplus. The government hopes the cash will banish all fears of a possible default on the more than \$70bn of public debt.

Argentina has been the Latin American economy most affected by loss of confidence after Mexico's devaluation last December. About \$7bn has been withdrawn from the banking sector - nearly 15 per cent of total deposits - and several private-sector institutions have gone bust. Until the announcement of IMF assistance in March, the Buenos Aires stock exchange had shed half its value, but has since bounced back.

In a sign that confidence may gradually be returning, central bank liquid reserves have risen by \$150m since April 30, reaching \$10.23bn by April 4 - the last available figure - after months of steady decline.

However, attempts to shore



Cavallo: a fair system that protects the saver

up public confidence in the banking sector with the establishment of a deposit guarantee scheme have stalled because of opposition from larger, healthier banks. These institutions are resisting central bank pressure to contribute to the scheme, arguing that they should not be asked to subsidise weaker, ill-managed institutions.

According to one foreign banker, some big Argentine banks have proposed the deposit guarantee system be implemented only after the enforced closure of several non-viable institutions. The banker estimated 20 banks could no longer meet requests for deposit withdrawals. But the government is unlikely to oversee the closure of so many banks just before presidential elections in mid-May.

Mr Domingo Cavallo, economy minister, hinted at the delicacy of the situation by saying: "We want a scheme that is not a subsidy by well-managed banks of badly managed ones, but rather a fair system that protects the saver... not to prop up losers, but to re-establish credit."

INTERNATIONAL NEWS DIGEST

China's foreign investment falls

Contracted foreign investment in China was down 26 per cent in 1994 to \$22.6m (£50.7m) after the boom of the previous year. But utilised investment last year was a record \$38.8m.

Investment from Hong Kong, Macao and Taiwan was well down last year on the year before, but investors from those countries still led the field. Businessmen from Hong Kong and Macao poured \$20.2m into China, followed by Taiwan with investments of \$3.89m, US \$2.49m and Japan \$2.08m.

Among factors causing the slowdown was a government-imposed credit squeeze in mid-1993 which severely affected real estate projects. Hong Kong businesses had invested heavily in property. *Tony Walker, Beijing*

Satan program in demand

Satan, the controversial software program that identifies security weaknesses in computers, has been in strong demand since it made its debut on the Internet this week. Although the free program was made available on at least 26 Internet sites around the world, eager computer users were forced to wait for hours in data traffic queues to get the program.

Computer security experts fear the public release of Satan will lead to a rash of computer break-ins. So far, however, there have been no reports of problems.

It could be weeks before the impact of Satan becomes known, said Don Parker, a computer security expert at SRI International, a California high technology research group. Computer hackers are unlikely to make their exploits public and the vast majority of computer systems managers will not even know if their computers have been probed by Satan, he added. At least two new programs designed to alert computer systems managers to a "Satan attack" are being offered on the Internet. *Louise Kehoe, San Francisco*

Algeria set for debt agreement

Algeria and its commercial bank creditors looked set to reach agreement on Friday on rescheduling the country's \$4.5bn (£2.7bn) commercial debt. The deal would not include new credits for Algiers but would extend maturities due between March 1994 and December 1997 over about 15 years. Algiers has not made principal payments on its commercial debt for more than a year.

The agreement is expected to meet

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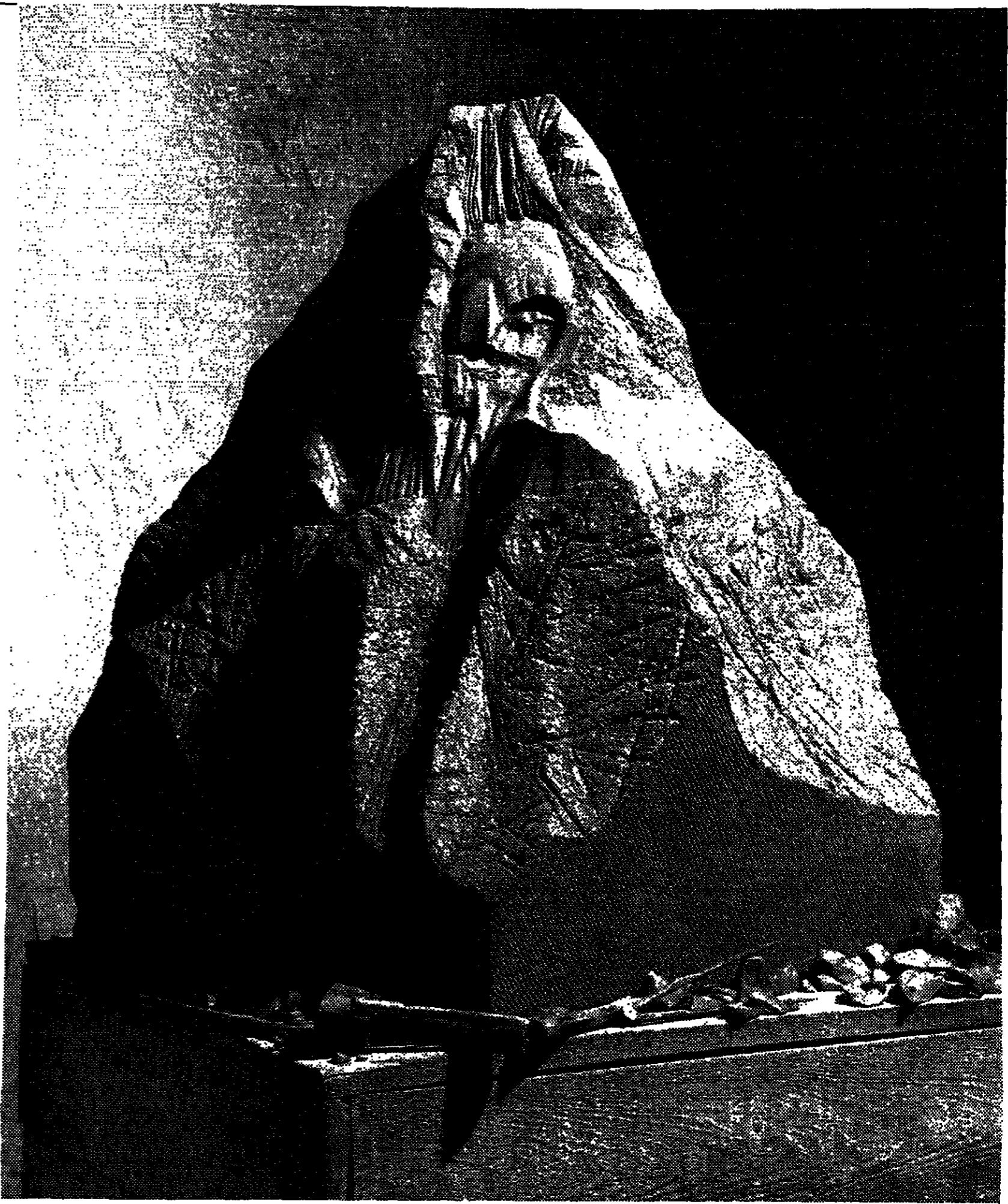
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NEWS: UK

Government attacked on asylum rejections

By Edward Mortimer
In London

Applications for political asylum in Britain are routinely rejected by the government's Home Office on trivial or manifestly unreasonable grounds, Asylum Aid, a leading refugee advice agency, said yesterday. Thousands of people are therefore put "at risk of unfair deportation, with potentially tragic consequences". It added.

Asylum Aid said the Home Office belittles the sufferings of people who have been tortured or imprisoned.

It claims the Home Office also:

- Ignores or misrepresents information presented by asylum seekers.
- Makes statements about their experiences and fears which "fly in the face of humanity and common sense".
- Demands standards of evidence "way beyond the reach of people who have fled for their lives".

• Handles asylum claims in a "careless and slapdash" manner.

Asylum Aid cited refusals where evidence of maltreatment in applicant's home coun-

tries was brushed aside or their credibility questioned because of minor inconsistencies.

A Zairean refugee, for instance, was told by a British government official: "The secretary of state considers your account of crossing the Zaire River by canoe at night to be totally implausible. The secretary of state is aware of the size, strength and considerable dangers posed by the river such as shifting sandbanks and crocodiles." When challenged,

the Home Office could provide no evidence of crocodile population in that part of the river.

It withdrew the statement and "produced a completely different set of reasons" for refusing the claim.

"In reality," says the report, "canoes are a frequent means of transport across the River Zaire, as the Home Office could easily have established."

A Croat who had fled from Sarajevo after receiving anonymous threatening phone calls was told: "The secretary of state notes that none of these threats were carried out."

Other applicants were told that having left their country using their own passport

undermined their claim to be genuine refugees, although the 1987 Immigration (Carriers Liability) Act prevents those without proper documents from even boarding aircraft or ships for the UK. The implication of many such decisions, the report says, is "that if a person is in a position to claim to be a refugee, they cannot in fact be one".

The 1983 Asylum and Immigration Appeals Act brought a spectacular rise in the proportion of asylum claims refused, from 14 per cent in the six months before it came into force to 76 per cent in

the first nine months of 1994.

Ministers have claimed this shows a high percentage of claims are fraudulent.

The Asylum Aid report says the act has failed in its aim of creating a "fast track" system for dealing with asylum claims.

The overall number of people awaiting a decision increased from 42,170 in March 1993 to 50,760 in September 1994, and the appeals system has become overburdened, with appellants having to wait on average over three months even to have a date announced for their appeal.

UK NEWS DIGEST

Threatened Royal Navy base is sold

The Portland naval base in south-west England, which is due to close, is to be sold to a company which intends to develop a commercial port with the potential of creating more than 800 jobs in four years. The Ministry of Defence is selling the base on undisclosed terms to Portland Port, a new company backed by Langham Industries and Portland Development Partners. Langham is involved in maritime industries and runs Appledore Shipbuilders in south-west England.

Naval sea-training is due to cease at the base in July and the nearby naval air station will shut in 1996. Civilian job losses at Portland in this period are expected to total between 3,500 and 4,500, although few have occurred so far. Portland Port, which will acquire 160ha of land, plans a roll-on/roll-off ferry service for built cargo, repair facilities for cruise ships and yachts, a marina and fuel oil handling. The harbour has deepwater berths capable of taking aircraft carriers. *Roland Adourgham, Wales and West Country Correspondent*

Adams protests to government

The timetable for talks between the British government and Sinn Féin, the political wing of the Irish Republican Army, was thrown into doubt again last night. Mr Gerry Adams (left), the Sinn Féin president, suggested that a meeting was unlikely until after next week's Easter break. British officials confirmed that contacts with Sinn Féin were continuing, but Mr Adams accused the government of "prevarication and dilly-dallying", saying its refusal to engage in face-to-face talks was "a matter of grave concern and anger".

Mr Martin McGuinness, who is leading Sinn Féin's five-member delegation in the exploratory talks, sought a meeting with British officials on Monday in order to break the deadlock. Mr Michael Ancram, a minister in the British government's Northern Ireland Office, said communications were continuing, although officials gave no hint that a breakthrough was imminent. *John Murray Brown, Belfast*

Nationalist party inches forward

By James Buxton, in Edinburgh

The Scottish National Party was among those which benefited from the anti-Conservative mood in Thursday's elections for municipal and regional authorities in Scotland.

The nationalist party, which campaigns for full independence for Scotland in the European Union gained control of three rural councils including one in which a seat in the House of Commons is vacant because of the recent death of a Conservative MP with a small majority. No date has yet been announced for an election to replace him.

The nationalists' share of the vote in Thursday's elections dropped to 26 per cent from its 32 per cent in the elections for the European parliament last year, and they made less impact than they had predicted on strongholds held by Labour, the largest opposition party, in the central belt. They lost control of the West Lothian authority to Labour.

Even so, the nationalists maintained past gains from Labour in some central belt towns. The reason the party's relatively high share of the vote produced only 18 of the 1,161 councillors is that its vote is spread relatively evenly over Scotland.

Meanwhile, Scottish manufacturing other than electronics has steadily declined. Mechanical engineering saw its output fall 27 per cent since the end of the recession in the second quarter of 1992, while output of textiles has not risen. However the chemical industry has increased output.

Scotland's engineering base continues to weaken. Last month John Brown Engineering made 280 of its 1,600 employees at its Clydebank turbine plant redundant.

Mr Alex Salmond, leader of the Scottish National Party, said: "Scottish politics are now more than ever a two-horse race between the SNP and Labour."

Crackdown on fuel smuggling

Customs officers from both sides of the Irish border have launched a crackdown on fuel smugglers following the growing difference in the price of petrol and diesel. Since the Budget in November fuel in the republic has been as much as 45p a gallon cheaper than in Northern Ireland. Two men were yesterday being questioned by customs officers in Ulster after being arrested in an undercover operation when a tanker was seen to cross the border going north on the main Dublin-Belfast road yesterday. Customs and Excise said the tanker was believed to have about 6,000 gallons of fuel liable to revenue charges of £10,000 in the UK. *PA News*

TV channel is surprise hit

UK Gold is turning into the unexpected hit of the new media. The relatively modest cable and satellite channel is based on the programme libraries of the BBC and Thames Television and was originally put together by Mr Derek Lewis, now head of the prison service. The channel, which cost about £30m to launch in 1992, now accounts for just over 3 per cent of total adult viewing in cable and satellite homes, putting it not far behind much more expensive channels such as Sky Movies and Sky Sports, which are part of the British Sky Broadcasting consortium dominated by Mr Rupert Murdoch's News Corporation. Person, owner of the Financial Times, also has a stake. The success of the channel suggests that there is an audience for "old" British television programmes. *Raymond Snoddy, Consumer Industries Staff*

Verdict of unlawful killing: The 51 people who died as a result of a collision between the Marchioness riverboat and the motor vessel Bowelle on the Thames in London August 1989 were unlawfully killed, an inquest jury decided. The people who died were on a night-time disco cruise when the Marchioness was struck. A first inquest was adjourned after four days because the master of the Bowelle was to be prosecuted for failing to keep a proper lookout. He was acquitted after two juries failed to reach a verdict.

Protester jailed: A peace protestor was jailed for six months for trespassing on land owned by British Aerospace in protest at the company's sale of Hawk military aircraft to Indonesia. Mr Chris Cole, 31, a member of Active Resistance to the Roots of War, admitted three breaches of a July 1994 order preventing him from entering the company's property or encouraging others to do so.

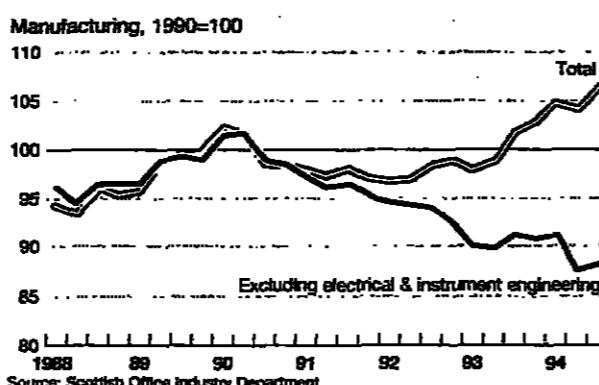
Fists fly at dance: Fists flew at a pigeon fanciers' dance as a feud between two families erupted, a court near London was told. Two women prepared to fight and pigeon racer and amateur boxer David Hunt, 38, knocked out Stuart Everett, the boyfriend of one of the women, said the prosecution. Mr Hunt was cleared of inflicting grievous bodily harm after stating that one of the women, a writer for Racing Pigeon magazine, had approached him waving a beer bottle.

Engineering sector continues to weaken ■ Consumer spending falters

Scotland's success masks problems

Reliance for economic growth on one sector is worrying forecasters, writes James Buxton

A one-sided recovery from recession



ers and companies took on

by 3.5 per cent this year, but does not expect employment growth to keep pace.

Like the rest of Britain there is little sign that the Scots are enjoying their modest economic good fortune.

Consumer confidence is low and although people in Scotland have proportionately higher savings than those in the south they show little inclination to spend them in shopping malls.

The institute's concern about electronics is that Scotland would be heavily exposed if there were a cyclical downturn, while it also believes the electronic industry is of much less benefit to the Scottish economy than its size merits.

Although the industry employs 45,000 people, the most favourable estimates suggest that indigenous Scottish companies supply only 14 per cent of the components and sub-assemblies used by the multinationals' plants, which

have grown by about 2 per cent a year, but was probably outpaced by the UK as a whole last year.

Mr Jeremy Peat, chief economist of Royal Bank of Scotland, said this was not surprising because "Scotland had less scope to bounce back and UK growth was very rapid."

Scotland's upturn is led by manufactured exports, predominantly electronics and whisky. The Fraser Institute believes the Scottish economy will grow

Airlines trade insults over US damages suit

By Michael Skapinker, Aerospace Correspondent

Such is the bitterness between British Airways and Virgin Atlantic that even a legal settlement provokes another volley of vituperation between them.

No sooner had BA announced late on Thursday that Virgin had agreed to abandon its UK court action against it, than Virgin appeared to accuse BA of talking "rubish".

What is clear is that the legal battle between the two UK airlines is far from over.

Thursday's announcement has no effect on Virgin's suit against BA in the US, where it is suing for \$35m. Any award by the US courts in Virgin's favour can be trebled to \$97.5m.

The legal battles arose from allegations that BA employees were gaining access to computer information about Virgin flights. Virgin alleged that BA was using the information to persuade its customers to switch to BA.

When the dispute began, BA questioned Virgin's motives in raising the issue, accusing Mr Richard Branson, Virgin's chairman, of using the allega-

tions for publicity purposes. In January 1993, BA paid Mr Branson and Virgin £10,000 in libel damages.

But Mr Branson continued to pursue BA in US and British courts.

Virgin scored a significant victory in January when US Judge Miriam Goldman Cedarbaum granted the company permission to proceed with three of its eight claims against BA. An attempt by BA to seek leave to appeal against the judgment was rejected by Judge Cedarbaum last month.

BA said it accepted that some of its employees had behaved improperly in gaining access to computer information on Virgin flights. How-

ever, the damage they had caused to Virgin was small - hence BA's agreement to pay Virgin only £25,000 (\$42,400) as a settlement rather than the £25m Virgin had sought.

Mr Will Whitehorn, Virgin's spokesman, dismissed BA's statement as "totally distasteful". The alleged dirty tricks campaign against Virgin would form an important part of the US case, he said.

The only reason Virgin agreed to accept the small amount BA offered in settlement of the UK case was that it was claiming a far bigger amount in the US, he added.

Gaming legislation unhorsed by lottery

Scheherazade Daneshkhu looks beyond today's big race to widespread industry changes

As punters go into betting shops today to try their luck on the Grand National horse race - which with £75m (£120m) wagered is the country's largest betting event - they may notice a difference in their surroundings.

Betting shops were allowed this week to take down window boardings, so for the first time in almost 35 years passers-by can see into them.

It will take a while for the shop fronts to be altered. Ladbrokes, the UK's largest bookmaker, is spending £25m a year over the next three years to refurbish 1,200 of its 1,900 betting offices. Coral, the betting chain owned by the brewer Bass will open up 250 of its 750 shops over the next three months.

The shops can now advertise bets in their windows, install TV screens larger than 30 inches and sell sandwiches and a wider range of snacks than the biscuits, crisps and sweets to which they have been limited. The move is one of a series of deregulatory measures this year long sought by the gaming industry but which have been hastened by the launch of the National Lottery last November.

Sunday horse racing has been introduced and betting shops allowed to open on Sun-

days. Inter-track betting is to become legal at greyhound tracks subject to parliamentary approval - allowing customers at one dog track to place bets on races at other tracks.

The philosophy behind UK gaming legislation has been that operators must not stimulate demand. But the government's enthusiasm for the National Lottery - with an advertising campaign focused firmly on winnings rather than helping good causes - has weakened its position.

By allowing the lottery to advertise on television and to

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roll over prize money, it introduced rights that betting shops had been denied for years. The government has proposed allowing fruit machines with a maximum payout of £10 in cash to be installed in places in which those only people over 18 are allowed. Betting shops say it is ridiculous that a fish and chip shop can have a fruit machine but a betting shop cannot.

At the moment, fruit machines pay a maximum of £2 in cash and £6 in tokens, which cannot be exchanged for cash. Bacta, the trade association for the amusement machine industry, has long argued for the abolition of tokens and an increase in cash prize money.

The government's proposals would also allow an increase in the maximum number of jackpot machines from two to six in casinos and four in bingo clubs. The move is welcomed by Mr John Garrett, managing director of the Rank Organisation's recreation division, which rents out amusement machines.

He said: "It represents a big opportunity to place machines in new outlets for a rental fee.

There are about 9,000 betting shops in the UK and if we were to get a third of those, it would

JULY 150

COMPANY NEWS: UK

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Navy
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to a company which intends to be the potential of creating new jobs in Northern Port, a new company of an industrial industry and its future base in Northern England.

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on fuel smuggling
in Northern Ireland. The deal was agreed by the two governments and the Northern Ireland Assembly.

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the market. The deal was agreed by the two governments and the Northern Ireland Assembly.

The deal will be used to finance contract lens sales and research into a range of cardiovascular products.

In 1994 the group's losses increased to £2.75m (£2.18m). Funding requirements are expected to be £12m over the next two years, during which time the group does not expect to generate positive cash flow.

The prospectus, which described the group as a manufacturer of medical devices rather than a biotechnology business, warned that the investment involves a higher than normal degree of risk.

Rosy start
for Flying
Flowers

Flying Flowers, the Jersey-based flowers-by-post business, had made a good start to 1995, with Valentine's Day orders 80 per cent up on last year, said Mr Walter Goldsmith, chairman.

Mr Goldsmith told the annual meeting that Mother's Day orders were much higher than 1994 and added a considerable number of names to the company's customer base.

While the benefits of Easter trading would fall into the second quarter, a "very satisfactory outcome" was expected for the first three months.

Reject Shop

The Divisional Court has overturned magistrate's conviction on Upton & Southern's subsidiary, The Reject Shop, for an alleged copyright infringement.

The conviction, arising from a private prosecution brought in September 1994 by Mr Robert Manners, a designer, resulted in The Reject Shop being fined £2,500 plus costs of £24,500.

The case involved a claim by Mr Manners that a range of products sold by The Reject Shop allegedly infringed copyright vested in enlarged photocopies of drawings used in the

RESULTS

Warburg rues Glaxo merger

By Nicholas Denton

Warburg Securities, the stockbroking arm of SG Warburg, has lost both Glaxo and Wellcome as clients as a result of the pharmaceuticals companies' merger. Glaxo said it was appointing Cazenove & Co and Hoare Govett as joint stockbrokers, with immediate effect.

Glaxo explained it had taken the opportunity of its acquisition of Wellcome to review its arrangements. It pointed to Hoare Govett's work on the bid, which went unconditional last month, and to Cazenove's expertise.

Biocompatibles flotation to go ahead after six month delay

By Geoff Dyer

Biocompatibles International, a research company that has developed a new type of contact lens, is to finally float after a six month delay that has seen it change its business plan and consider the approaches of several health care companies.

The loss-making concern will raise £1.5m through a placing arranged by Robert Fleming, valuing it at £74m. Dealings in the shares, priced at 170p, begin on April 12.

Janssen & Johnson Development Corporation, the US healthcare group which is believed to be close to collaborating with the company over a cardiovascular product, is to increase its stake in Biocompatibles from 8.4 per cent to 9 per cent.

When the pathfinder prospectus was published in October the company was expected to raise £40m. However, Mr Alastair Taylor, chief executive, said that Biocompatibles was now looking to raise less because a plan to acquire a company in the healthcare area had been abandoned.

He added that impact day had been delayed because the board had been discussing a number of possible collaborations with healthcare companies. He denied that talks had involved a takeover of the company.

The proceeds will be used to finance contact lens sales and research into a range of cardiovascular products.

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IBM deal lifts Azlan shares

By Paul Taylor

Shares in Azlan Group - which distributes networking computer products - jumped 30 per cent to close 35p higher at 151p yesterday after the company announced a pan-European distribution agreement with IBM.

Under the proposed new agreement with IBM Networking Systems, Azlan will expand IBM's local area network (Lan) and connecting products to re-sellers across Europe.

The deal represents an extension of an existing pilot contract between the two companies.

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Saturday April 8 1995

Picking a role for the UK

Every ambitious actor hates being landed with the same old roles. But sometimes the choice is between being typecast, and not being cast at all. Mr Kenneth Clarke, the UK chancellor, is suffering a similar problem. He has vowed not to repeat the economy's past performances on the world stage. For now, however, that means letting other countries nab all the juicy roles.

Were sterling still a member of the European exchange rate mechanism, for example, Mr Clarke might now be playing the grateful servant of the Bundesbank. The French, Belgian and Danish central banks were each able to trim very short-term interest rates by a quarter of a percentage point, on Thursday, courtesy of Germany's interest rate cut the week before.

Heartwarming though their rendition was, Mr Clarke can hardly wish to emulate these countries' membership of Europe's currency "core". Overnight rates in all three countries remain higher than they were at the start of last month, and certainly above the level they would select for their recuperating economies if they were not indentured to German monetary policy.

It is no less fortunate that the UK need no longer fear a place at the indebted periphery of Europe. Here, Sweden and Italy are the scene-stealers, struggling to defend their currencies as investors take flight at their excessive levels of public debt.

The Swedish government tried a third time this week to reassure the markets, announcing that additional spending cuts would be included in the country's "spring budget" later this month. Unfortunately, investors noted a rogue element in the package - a hefty cut in value added tax charged on food and Swedish bond yields ended the week little changed, at a punishing 11% per cent.

Healthier finances

The austere budgets of 1993 and 1994 - which imposed their final tax increases on the UK consumer at the end of this week - have put the UK's finances into an altogether healthier state. Indeed, many a Conservative backbencher would have us believe they are healthy enough for Mr Clarke to look west, to the US Congress, for a role model.

Led by Newt Gingrich, the Republican majority in the House of Representatives capped its first hundred days in office this week by passing a giveaway tax-cutting package Tories in marginal seats would die for. The bill, now awaiting a Senate vote, offers some \$18bn in tax reductions, without so much as closed hospital in return.

Tempting though this may be,

Mr Clarke has rightly attempted to lower hopes of a similar bonanza in the UK in forthcoming budgets. Public-sector borrowing, although falling, is still running at more than £30bn per year. Tax cuts, at the peak of the economic cycle, run the risk of landing the chancellor with the inflationary script he has been trying to avoid.

Mr Clarke, at any rate, can safely defer the question of tax cuts until he presents the budget in November. The 4% per cent decline in the value of sterling, on a trade-weighted basis, since the beginning of the year is a rather more pressing concern for monetary policy.

The chairman of the US Federal Reserve, Mr Alan Greenspan, has so far appeared indifferent to the inflationary consequences of a much larger decline in the US currency in recent months. For the moment at least, both Mr Clarke and Mr Eddie George, the governor of the Bank of England, seem happy to emulate him.

Lacking arguments

Does this mean that Mr Clarke should take a lead exclusively from Mr Greenspan? Not quite. Whatever doubts exist about the wisdom of Mr Greenspan's decision not to increase interest rates, he has two arguments on his side that Mr Clarke lacks. First, other things being equal, exchange rate changes have a much smaller impact on domestic prices in the US than in the UK since trade represents a much less significant chunk of gross domestic product in the US than it does in the UK. Second, the US, while afflicted with rising producer prices, has experienced a much smaller acceleration than the UK over the past year. US producer prices grew 1% per cent in the year to February, compared with just 3% per cent in the UK.

The clear slowdown in both UK industrial production and retail sales over the past three months implies that UK interest rates can be put on hold for the time being. Figures released last week showed that on average, production fell 0.5% per cent in the three months to February, compared to a peak of more than 2% per cent average growth in the three months to June 1994. Yet as long as sterling remains weak, this must be a policy under constant review. Mr Clarke would certainly be foolish merely to take his cue from the US.

Sir Ian Gilmour, the former Foreign Office minister, was more prescient than he knew when he dismissed 1980s monetarism as "the uncontrollable in pursuit of the indefinable". For much of the decade the UK economy was uncontrollable. Now at least, it seems merely indefinable.

The main sticking point already concerns the competing virtues of tax cuts and deficit reduction. It is an article of faith of the Contract

In almost all his appearances he ascribes the blame for criticism of the Contract to his longstanding critics' notes - the "insidious culture" of Washington, which cannot change, a "liberal media" with its "socialist" editorial writers, and Democrats, including the president, who wants to evade the Senate's strictures on individual measures from a spending bill without vetoing the whole bill and subjecting Congress to the laws of the land were so easy to pass that the president welcomed them, since the first gave him the power he and his two Republican predecessors had long sought, and the second did not affect him. But the Senate also voted down by a single vote the balanced budget amendment, an important setback for the Contract because, along with term limits, it was the populist bait to hook the independent and disaffected who voted for Ross Perot in 1992.

That the Senate would be slower than the House was to be expected, but the Senate is also looking askance at the details of most of the other Contract items approved by the House, including the tax bill, legal and welfare reform, and revisions to last year's anti-crime legislation. Few things more irritate Senator Bob Dole, the majority leader and leading Republican presidential candidate, than being asked why he cannot emulate the Speaker's record of success. This week he bailed over, saying: "We weren't elected to rubber-stamp everything the House did."

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MARKETS REPORT

Dollar steady

The dollar maintained its composure yesterday despite a weaker than expected US jobs report which reduced prospects of any rise in US interest rates, writes Philip Gash.

Some observers said the dollar had benefited from the increased credibility which the figures gave to the "soft landing" scenario for the economy, which is good for bond and equity markets.

The US currency finished slightly firmer in London at DM1.8811, from DM1.8763. Against the yen it closed at Y84.155, a slight recovery from the fresh post-war low of Y83.65 reached in Tokyo trading.

Sterling managed to shrug off the government's poor showing in the Scottish local elections, finishing half a pence firmer at DM2.2191, from DM2.2136. Against the dollar it closed at \$1.6088 from \$1.6065.

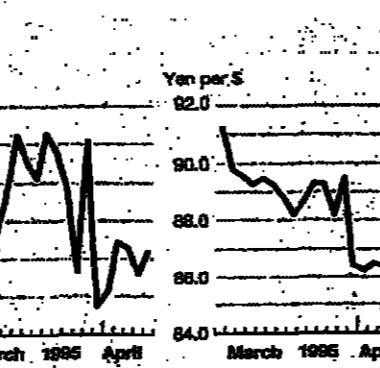
In Europe the D-Mark lost ground against most currencies.

The best performance came from the Spanish peseta, which finished at Ptas89.86 against the D-Mark from Ptas81.34.

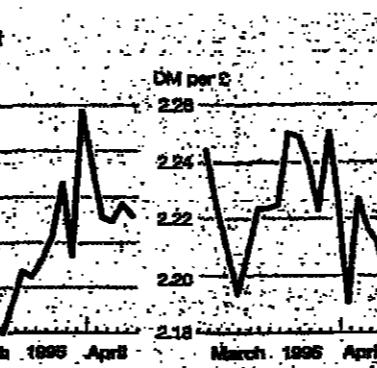
Markets had a quiet day, with the payrolls report failing to provide the trading stimulus expected. It was one of those days where those commenting on the market provided more of a diversion than the currencies themselves.

Dollar per S. 1.42
Yen per S. 82.0
DM per S. 1.41
Ptas per S. 90.0
March 1995 April
Source: Oxfam

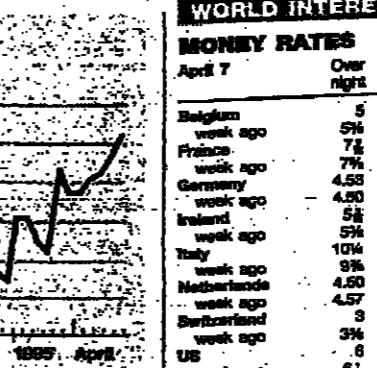
Dollar



Sterling



D-Mark



WORLD INTEREST RATES

April 7	MONEY RATES									
	Over night	One month	Three months	Six months	One year	Long term	Dis. rate	Per cent		
Belgium	5	52	52	52	52	7.40	4.00	0.00		
week ago	52	52	52	52	52	7.40	4.00	0.00		
France	72	72	72	72	72	5.00	4.00	0.00		
week ago	72	72	72	72	72	5.00	4.00	0.00		
Germany	42	42	42	42	42	4.00	4.00	0.00		
week ago	42	42	42	42	42	4.00	4.00	0.00		
Ireland	52	52	52	52	52	5.00	4.00	0.00		
week ago	52	52	52	52	52	5.00	4.00	0.00		
Italy	104	104	104	104	104	7.50	10.25	0.00		
week ago	98	104	104	104	104	7.50	10.25	0.00		
Netherlands	42	42	42	42	42	5.00	5.00	0.00		
week ago	42	42	42	42	42	5.00	5.00	0.00		
Portugal	42	42	42	42	42	5.00	5.00	0.00		
week ago	42	42	42	42	42	5.00	5.00	0.00		
Spain	52	52	52	52	52	5.00	5.00	0.00		
week ago	52	52	52	52	52	5.00	5.00	0.00		
Sweden	52	52	52	52	52	5.00	5.00	0.00		
week ago	52	52	52	52	52	5.00	5.00	0.00		
UK	12	12	12	12	12	12	12	0.00		
Ecu	-0.0012	0.0012	0.0012	0.0012	0.0012	-0.0012	-0.0012	-0.0012		
SDR	-1.022600									

POUND SPOT FORWARD AGAINST THE POUND

Apr 7 Closing mid-point Change Bid/offer spread Day's Mid low One month Three months One year J.P. Morgan Bank of England

Europe	Austria	(Sch) -0.0040	0.089 - 0.289	15.6988	16.4669	1.8	15.5988	1.5	108.0
Belgium	(BFR) 45.6501	-0.0003	720 - 381	45.6840	45.2170	45.6501	1.2	45.4501	1.4
Denmark	(DKK) 6.7315	-0.0003	252 - 385	6.7478	6.7554	6.7315	0.6	6.7348	0.3
Finland	(FIM) 5.6220	-0.0003	120 - 205	5.6220	5.6220	5.6220	1.5	5.6220	1.5
France	(FRF) 1.2182	-0.0003	120 - 205	1.2182	1.2182	1.2182	1.7	1.2182	1.7
Germany	(DM) 2.2181	-0.0005	178 - 203	2.1985	2.2157	1.8	2.2084	1.9	113.6
Greece	(Dr) 361.209	-0.0007	378 - 379	362.955	362.957	361.209	0.2	362.955	0.0
Ireland	(IE) 0.9342	-0.0012	829 - 957	0.9367	0.9317	0.9342	0.0	0.9342	0.0
Italy	(I) 1234.02	-0.0003	311 - 482	1234.02	1234.02	1234.02	1.4	1234.02	1.5
Luxembourg	(L) 2.4941	-0.0004	510 - 623	2.4940	2.4944	2.4941	1.7	2.4729	1.5
Netherlands	(NL) 0.9549	-0.0013	484 - 514	0.9698	0.9678	0.9549	1.2	0.9242	1.2
Portugal	(PE) 234.216	-0.0003	563 - 651	234.955	234.255	234.167	-4.5	235.167	-4.5
Spain	(Pta) 199.444	-0.0002	592 - 654	199.208	198.800	199.444	-2.5	200.000	-2.8
Sweden	(SEK) 11.7985	-0.0004	886 - 105	11.7918	11.7985	11.7985	-1.0	11.8200	-1.0
Switzerland	(CHF) 1.8222	+0.0003	209 - 234	1.8222	1.8002	1.8175	3.1	1.8077	3.2
UK	-	-	-	-	-	-	-	-	84.3
Ecu	-1.2088	-0.0012	0.80 - 0.75	1.2096	1.2004	1.2067	0.1	1.2069	0.0
SDR	-1.022600								

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES										
Apr 7	BfY	Dkr	Ffr	Fr	DM	Ec	L	Fl	Nkr	Ecu
Belgium	(BfY) 1.00	15.14	16.92	4.955	2.170	5984	5.445	21.83	512.7	4.946
Denmark	(DKR) 53.23	10	8.828	2.541	1.138	3131	11.40	20.87	13.20	1.138
France	(FrF) 58.10	11.32	10	2.857	3543	3.219	12.30	30.63	2.361	2.267
Germany	(DM) 20.55	3.935	3.478	1	0.448	1.232	1.119	4.486	10.58	0.451
Ireland	(Ir) 45.26	0.519	0.519	1.22	2.495	10.02	2.357	20.06	1.833	1.005
Italy	(I) 1.668	0.319	0.286	0.031	0.936	8.570	0.301	1.005	1.005	0.301
Netherlands	(Nl) 16.38	3.517	3.107	0.983	4.000	1.101	4.008	1.408	9.432	0.987
Norway	(Nr) 11.27	0.777	0.744	0.947	0.424	1.101	0.774	2.043	1.244	0.774
Portugal	(Pt) 18.37	0.727	0.704	0.947	0.429	1.246	0.726	2.045	1.245	0.726
Spain	(Pt) 22.87	0.479	0.470	1.113	0.698	1.284	0.479	1.246	1.246	0.479
Sweden	(Sk) 34.69	7.406	6.582	1.844	0.844	1.217	6.582	1.844	1.844	0.844
Switzerland	(Sfr) 25.03	4.793	4.235	1.218	0.548	1.501	4.793	4.235	4.235	0.548
UK	(G) 45.61	8.732	7.717	2.219	0.894	2.734	2.484	9.855	2.343	0.894
Canada	(Cs) 20.40	3.500	3.451	0.982	0.445	1223	1.111	4.432	1	

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WORLD STOCK MARKETS

NORTH AMERICA																
UNITED STATES (Apr 7 / US\$)								CANADA (Apr 7 / Cdn \$)								
Apr		High		Low		Tod. Prc.		Apr		High		Low		Tod. Prc.		
7	6	5	4	3	2	1	0	7	6	5	4	3	2	1	0	
Argentina	General (2/1/77)	\$4	13971.55	13940.88	16531.10	241	9631.08	976								
Australia	All Ordinaries (1/180)	19834	19824	19824.40	774	1823.80	872									
	All Mkt (1/180)	9134	9134	927.30	271	765.80	872									
Austria	Credit Agricorp (3/1/204)	357.79	358.81	354.84	305.42	271	358.12	503								
	Index (3/1/91)	856.33	945.04	948.41	1058.31	271	834.63	503								
Belgium	SEB (1/1/81)	1353.24	1341.46	1326.67	1381.22	671	1271.52	93								
Brazil	Bovespa (2/1/253)	14	3254.60	3180.40	4318.00	271	21282.00	973								
Canada	Mkt Minis (1/1979)	14	4257.81	4217.82	4228.07	1861	3800.83	18								
Composite (1/1979)	14	4254.40	4251.10	4319.40	303	381.41	501									
Chile	IPC Gen (1/1/200)	04	5376.7	5363.5	5511.21	1771	4576.98	93								
Denmark	CopenhagenSE3/143)	333.55	335.71	337.58	357.07	132	330.01	293								
Finland	RE General (2/1/250)	1883.1	1875.5	1874.14	1904.30	1071	1653.30	293								
France	SEB (31/12/260)	1248.65	1242.05	1233.40	1281.23	571	1163.14	103								
Germany	DCP (31/12/267)	1981.89	1879.27	1969.84	1929.47	271	1721.08	193								
Greece	Commerce (1/1/253)	736.65	731.75	728.25	765.81	162	708.67	303								
Hong Kong	SEB (1/1/253)	821.68	815.94	823.40	886.22	471	767.15	193								
Hong Kong	Hong Sang (31/7/94)	8470.28	8416.18	14	887.83	293	8867.53	2371								
India	SEI Sma (1/1979)	3472.08	3484.25	3438.94	3320.29	271	3230.31	222								
Indonesia	Jakarta Comp (10/1822)	426.98	430.85	428.55	481.22	571	422.13	240								
Ireland	SEB Overall (4/1/85)	1871.38	1865.01	1863.59	1922.77	102	1813.98	231								
Italy	Borsa Com. Ital (1/1972)	555.94	555.56	556.16	560.54	102	565.58	283								
Japan	Market 225 (10/5/49)	1571.80	1551.57	1552.00	1672.00	271	1628.28	34								
	Market 300 (1/1/92)	2471.7	235.05	235.05	257.77	271	2285.28	243								
INDEX FUTURES																
Open		Sett.Prc.		Change		High		Low		Est. vol.		Open Int.				
Mar	1800.0	1812.0	+10.0	1816.0	1884.0	22,245	24,986									
Apr	1898.5	1908.5	+10.0	1909.0	1898.5	863	9,938									
CAC-40 (200 x Index)																
Mar	1980.50	1985.00	+5.0	1997.0	1980.5	13,183	108,810									
Apr	1989.5	1998.5	+10.0	2013.0	2008.5	84	2,345									
DAX																
Mar	1980.50	1985.00	+5.0	1997.0	1980.5	13,183	108,810									
Apr	1989.5	1998.5	+10.0	2013.0	2008.5	84	2,345									
EUROPE																
AUSTRALIA (Apr 7 / Sth)								BELGIUM/LUXEMBOURG (Apr 7 / Fr.)								
Apr		High		Low		Tod. Prc.		Apr		High		Low		Tod. Prc.		
7	6	5	4	3	2	1	0	7	6	5	4	3	2	1	0	
Argentina	General (4/1/68)	1266.84	1274.43	1278.15	1558.08	271	1208.67	243								
	2nd Section (4/1/68)	1688.75	1678.13	1688.38	2133.06	271	1601.53	243								
Australia	NLSE Comp (4/1/85)	987.29	978.72	988.79	988.75	54	840.87	241								
	IPC Nov (1978)	(4)	1914.78	1919.08	2345.25	271	- 1105.85	54								
Netherlands	CDS TiffenGenEnd 83	433.8	430.8	428.4	447.65	102	422.80	233								
	CDS All St End 83	272.0	271.0	269.3	269.40	102	233.89	233								
New Zealand	Cap. 40 (7/1988)	2071.95	2070.29	2071.44	2071.95	74	1901.43	51								
Norway	Ose SEB (2/1/83)	1101.71	1104.82	1085.38	1125.66	62	1038.00	103								
	ASX	1266.84	1274.43	1278.15	1558.08	271	1208.67	243								
Philippines	Manila Comp (2/1/85)	2443.30	2446.18	2410.35	2805.38	31	2284.39	273								
Portugal	STA (1/177)	2742.9	2742.2	2744.2	2914.00	91	2602.40	271								
Singapore	SSE 45-Stone (4/1/75)	467.88	501.81	522.77	535.00	51	472.00	231								
	SSE 45-Stone (4/1/75)	467.88	501.81	522.77	535.00	51	472.00	231								
Spain	Madrid SE (3/1/265)	275.21	273.84	275.01	280.00	62	284.08	233								
	Amex Mid Val	488.87	487.85	487.85	487.85	62	488.87	233								
Sweden	Amex Mid Val	488.87	487.85	487.85	487.85	62										

The bull and bear necessities

No ET, no comment

WORLD STOCK MARKETS

AMERICA

US stocks slide on weakness in bonds

Wall Street

US share prices slid sharply late yesterday morning on the back of a falling bond market, signalling a reversal of the optimism early in the day that the US economy was on course for a "soft landing," writes Richard Waters in New York.

At 1 pm, the Dow Jones Industrial Average was 23.51 lower at 4,181.30, a fall of 0.6 per cent.

The Standard & Poor's 500, meanwhile, dropped 1.40 to 504.68, a loss of 0.3 per cent. The American Stock Exchange composite was down 0.31 at 485.56, while the Nasdaq composite was off 0.85 at 812.94.

The US employment report for March, which showed job growth, at first sparked a rise in Treasury bonds as traders projected a continued slowing of economic growth. However,

the rally failed to gain momentum and by mid-morning had reversed, prompting a sell-off in stocks.

By lunchtime, the benchmark 30-year Treasury bond had lost half a point, pushing the yield up to 7.35 per cent. Shorter-term bonds held up better, with three-year Treasuries losing only 1/16 of a point to give a yield of 7.55 per cent.

Figures released early in the morning showed that 203,000 non-farm jobs were created in March, below analysts' estimates of 225,000. Also, the unemployment rate was modestly higher than expected at 5.5 per cent, compared with expectations of 5.4 per cent.

The news lifted long-dated bond prices by a quarter of a point. However, profit-taking took hold as the rally ran out of steam. The continuing flight of the dollar also helped to dampen enthusiasm.

On the Nasdaq, Roberts Pharmaceutical dropped \$3.50 at

toward manufacturing companies, underperformed the broader indices.

Falling cyclical issues in the Dow included Caterpillar, off 3% to \$83.50, Minnesota Mining & Manufacturing, 3% down at \$37.40, Goodyear, 3% lower at \$38.50, and Bethlehem Steel, down 3% at \$15.75.

Dupont, which is also

included in the Dow, posted a modest retreat from recent gains as shares fell 2¢ to \$32.74. Shares in the chemical company had risen since the beginning of the week on reports, confirmed late on Thursday, that Seagram would sell nearly all of its stake in Dupont back to the company.

Shares in Seagram dropped \$2 to \$25.00 on the expectation that the beverages company would buy a majority stake in entertainment company MCA from Matsushita. The IPC index was up 1.13 at 931.51.

CARACAS closed slightly lower in thin trading. The Merinvest composite index eased 0.17 to 92.11 in turnover of 11.700 bolivars. Electricidad de Caracas lost 1.75 bolivars at 178.25 bolivars.

Buenos Aires was lifted by news that the IMF had approved a \$2.85m loan package for the Argentine late on

Thursday. The Merval index was up 1.84 at 391.77 by mid-morning while the general index had advanced 20.53 to 13,992.08.

The IMF board said that \$1.6bn of the package would be made available immediately.

SAO PAULO weakened as investors began to speculate ahead of the forthcoming futures index and options settlement. The Bovespa index was down 619 or 2 per cent at 4,257.80 in heavy volume of 4,220 shares valued at Cr\$7.94.

Seagram, selling a massive holding in DuPont and expected to buy Matsushita's MCA entertainment unit, fell Cr\$2.16 to Cr\$26.

Latin America

Shares in Seagram dropped \$2 to \$25.00 on the expectation that the beverages company would buy a majority stake in entertainment company MCA from Matsushita.

On the Nasdaq, Roberts

EUROPE

Paris breaches 1,900, Brussels higher again

Friday's bourses, particularly in France and Belgium, paid more attention to US jobless data and early strength in bond prices than to the weakening trend in the Dow, writes Our Markets Staff.

PARIS edged across the 1,900 barrier for the first time this year, as the CAC 40 index finished the session up 10.20 or 1,900.36, bringing its rise on the week to 2.2 per cent.

Suez and BNP were both active amid speculation that the latter might make a bid for the former's Indosuez investment banking division. Suez added FF4.70 to FF4.20 and BNP dipped 10 centsime to FF25.50.

Among companies reporting on Monday, Eurotunnel slipped 30 centsime to FF18.60, as investors awaited news of passenger and freight data.

Elsewhere Eco, the employment agency, struck a 1995 high before closing up FF22.02 or 3.4 per cent at FF76.68 following better than expected 1994 results.

BRUSSELS extended Thursday's gains on the Belgian rate cuts with the Bel 20 index closing 1.18 higher at 1,888.4, 41

FT-SE Actuaries Share Indices

April 7
Open 10.30 11.00 12.00 13.00 14.00 15.00 Close

FT-SE Backtest 100 1229.85 1230.94 1230.07 1231.32 1231.38 1230.56 1231.40

FT-SE Backtest 200 1572.19 1572.15 1572.01 1572.02 1572.05 1572.18 1572.19

FT-SE Backtest 300 1572.14 1572.15 1572.01 1572.02 1572.05 1572.18 1572.19

FT-SE Backtest 500 1572.14 1572.15 1572.01 1572.02 1572.05 1572.18 1572.19

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5pm on Thursday and settled through the Stock Exchange TaliSystem system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 4.2(a) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

* Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

Treasury 13% Gd Bds 2000/03 - £125.00
Eschequer 10% Stk 2005 - £121.00 (4dp)

Corporation and County Stocks

Birmingham District Council 11 1/2% Red Stk 2017 - £116.00
Blackburn Corp 3 1/2% Inv Stk - £20.00
Dudley Metropolitan Borough Council 7% Ln Stk 2000 - £110.00
Leeds City 9 1/2% Red Stk 2003 - £127.00
Manchester City 11 1/2% Red Stk 2007 - £115.00

UK Public Boards

Meteorological Water Charges W.W.2% Inv. Dbd Stk 1887 - £91.00 (4dp)
Port of London Authority 3% Port of London A Stk 29/05 - £26 (4dp)
Police & Fire Authority 3 1/2% Inv. 43/02 - £22 (4dp)

Foreign Stocks, Bonds, etc. (coupons payable in London)

Abbey National Sterling Capital PLC 6% Inv. 5% Sub Ord Bds 2002 (Fr Var) - £103.00 (4dp)
Abbey National Treasury Service Plc 6.375% Gd Stk 1998 - £109.00 (4dp)
Abbey National Treasury Service Plc 6.375% Gd Stk 2003 (Fr Var) - £103.00 (4dp)
Axa Finance Ltd 10 1/4% Inv Cnv Prf 2008 - £102.25 (4dp)

Portuguese Inv. 5% Inv. Lst 2010 (Fr Var) - £159.00 (4dp)
Swiss Reinsurance Co 9 1/4% Inv. Lst 2014 (Fr Var) - £102.50 (4dp)

Swiss Reinsurance Co 13 1/2% Inv. Lst 2015 - £104.00 (4dp)

Swiss Reinsurance Co 13 1/2% Inv. Lst 2016 - £104.00 (4dp)

Swiss Reinsurance Co 13 1/2% Inv. Lst 2017 - £104.00 (4dp)

Listed Companies(excluding Investment Trusts)

AAL PLC 4.25% Cum Prf 21 - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 87/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 88/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 89/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 90/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 91/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 92/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 93/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 94/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 95/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 96/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 97/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 98/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 99/ - 50 (5dp)

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ABF Investments PLC 5 1/2% Inv. Lst 01/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 02/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 03/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 04/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 05/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 06/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 07/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 08/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 09/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 10/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 11/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 12/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 13/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 14/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 15/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 16/ - 50 (5dp)

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ABF Investments PLC 5 1/2% Inv. Lst 18/ - 50 (5dp)

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ABF Investments PLC 5 1/2% Inv. Lst 26/ - 50 (5dp)

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ABF Investments PLC 5 1/2% Inv. Lst 60/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 61/ - 50 (5dp)

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ABF Investments PLC 5 1/2% Inv. Lst 88/ - 50 (5dp)

ABF Investments PLC 5 1/2% Inv. Lst 89/ - 5

LONDON STOCK EXCHANGE

MARKET REPORT

Gains cut back on concerns over Wall StreetBy Terry Byland,
UK Stock Market Editor

Worries over the outlook for Wall Street upset the UK stock market yesterday, when a sharp fall in the Dow Average at the opening of the new trading session cut into the dollar against the yen.

The FT-SE 100 Share Index closed at a new 1995 high of 3,210.9, a net gain of 10 points on the session but well below the day's peak of 3,221.8. The FT-SE 100 Share Index touched its all-time high of 3,263.0 in February 1994.

London's setback appeared to owe more to comments from across the Atlantic than to yesterday's batch

of US economic data. The chairman of the Joint Economic Committee of Congress suggested that "something is wrong" in the US economy, emphasising the collapse of the dollar against the yen.

The Dow Jones Industrial Average, which had moved to another new all-time peak in the previous session, fell more than 30 points in London trading hours yesterday. The UK market has been responding all week to the strength of the New York market but has become increasingly nervous over the outlook for the US markets.

At last night's close, the FTSE 100 Share Index had recorded a gain of 73 points or 2.3 per cent over the

week. Investors have been encouraged by recent indications that the US, Germany and Japan may be closer to agreement on coordinated action to rescue the dollar.

The FT-SE Mid 250 index closed last night at 3,497.8, a net gain of 15.2 on the session and nearly 63 points over the week. The broad range of the market has lagged behind the blue chip sectors, which have responded more readily to the up and down of sentiment on the US currency which affects earnings at the international trading companies which dominate the Footsie 100.

Most of the international stocks closed firmly, buoyed by continued support for the pharmaceutical sec-

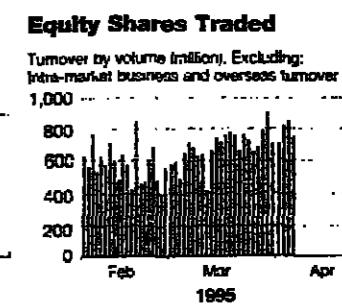
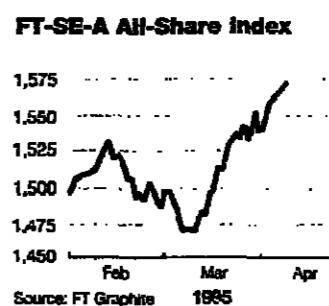
tor. But there was little support across the market for the domestic stocks which are regarded as at risk if the developments in the US economy bring upward pressures on global and UK interest rates.

Seal volume dipped to 547.9m shares from the 656.9m of the previous session. Non Footsie business made up 58 per cent of yesterday's total business, indicating a slight fall-off in terms of activity in the blue chips. On Thursday, retail, or customer, business was worth £1.7bn, well up the list of recent daily totals, although these are no longer seen as an indication of financial health in a London-based securities industry, where equity

business has become increasingly channelled towards a handful of large trading firms.

British government bonds remained firm, despite uncertainty in sterling following the expectedly disastrous showing of government candidates in the local elections in Scotland on Thursday. Bonds closed off the top after the president of the San Francisco Federal Reserve had said that the US economy had "overshot capacity" and that inflation was possible unless the economy slowed down.

Short-dated gilts closed around 1/4 higher, and the longer dates some up. Analysis view the outlook for gilts as favourable.



At last night's close, the FTSE 100 Share Index had recorded a gain of 73 points or 2.3 per cent over the

week. Investors have been encouraged by recent indications that the US, Germany and Japan may be closer to agreement on coordinated action to rescue the dollar.

The final reading on the June contract on the FT-SE 100 was 3,235, though volume at 9,387 was light. In the course of the session, June traded as low as 3,224, which was seen in the early stages, and a high of 3,255.

Traded options were once again busy but volume fell.

In the Euro FT-SE contract, C & W up on stake sale talk

had halted. News that Reynolds Tobacco had won a summary judgment in a Texas federal court also helped sentiment.

However, BAT was dragged down in late trading by the weakness of the New York market. The stock closed a net 4 higher at 43sp.

The merchant bank sector provided plenty of excitement. Takeover speculation returned in St Warburg, whose shares jumped to 73sp at one point before slipping back to close a net 7 higher at 73sp.

Dealers said there were persistent rumours of imminent takeover activity in the sector and continued to mention Deutsche Bank as potential bidder. Others pointed out that Deutsche Bank had denied any interest in acquiring Warburg weeks ago when the takeover had flared up.

The rise in Warburg also reflected switching out of Kleinwort Benson. The latter's shares, also widely seen as a likely bid target in the sector, tumbled to 16sp on news that Sir Nicholas Redmayne, a director of the bank, had sold 100,000 shares at 65sp.

"It hardly seems likely that a director would sell over half his holding if the bid was just around the corner," was the view of one market trader.

The company also announced it was sacking S.G. Warburg as joint broker. The securities house is believed to have backed Zeneca as a potential white knight counter bidder during Glaxo's takeover of Wellcome. Also, Warburg had bought a 10.5 per cent stake in the US telecoms group earlier this year, had been looking to buy back stock.

At the close, C & W shares were 10 higher at 43sp, the top performance in the FT-SE 100 index. Turnover reached 8.4m shares.

The electricity stocks continued to make rapid progress, partly in reaction to their dismal performance following the Offer move to revisit its pricing policy and partly because of persistent takeover speculation and hopes of more share buybacks in the sector.

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Weekend April 8/April 9 1995

Calls for action as dollar hits new low against yen

By Philip Gavith in London, William Dawkins in Tokyo and Richard Waters in New York

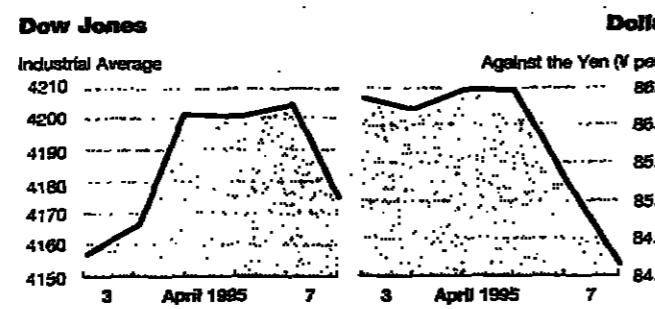
Fresh calls were made yesterday for international co-operation to stabilise currency markets as the dollar fell to a new post-war low against the yen.

Mr Jean-Claude Paye, secretary-general of the Organisation for Economic Co-operation and Development, said in Tokyo that greater policy co-ordination between Japan, Germany and the US was necessary to stabilise the currency markets.

Mr Yasuo Matsushita, governor of the Bank of Japan, took up Mr Paye's refrain in a meeting with businessmen in Osaka, calling for joint intervention in the currency market.

He was joined by Mr Edmond Alphandéry, the French economy minister, who said he wanted a meeting of G7 finance ministers in Washington later this month to discuss ways of stabilising exchange rates along the lines of the Louvre and Plaza accords in the 1980s.

US officials, however, were silent, leaving markets with the impression that they were unconcerned about the level of the dollar. Traders have attached little weight to claims by senior



administration officials that they have a strong dollar.

Meanwhile, comments from a senior Bundesbank official made plain that the German central bank believes that the markets cannot be stabilised unless countries with weak currencies, including the US, tackle underlying domestic economic problems.

Mr Johann Wilhelm Gaddam, vice-president of the Bundesbank, said: "The loss in the value of the dollar and the weakness of several European currencies are linked to the fact that markets are losing confidence in the ability of those with political responsibility to solve their budget problems."

The dollar was unmoved by US employment data published yes-

terday which showed a smaller than expected increase in jobs growth. It closed in London at Y\$8.155, a recovery from the new low of Y\$8.35 reached overnight in Tokyo. The employment figures, however, met with a cool response on Wall Street where bond and equity prices fell.

US share prices slumped during the morning, triggered by falling bond prices and profit-taking after gains earlier in the week.

By midday in New York the Dow Jones Industrial Average of leading stocks had lost 29.05 points to trade at 4176.71.

Currencies, Page 12
World stocks, Page 17
London stocks, Page 19

Factories curbing plans, US figures suggest

By Michael Prowse
in Washington

Official figures showing an unexpected drop in US manufacturing employment yesterday indicated factories may be scaling back production plans in response to weaker consumer spending. The overall unemployment rate rose to 5.5 per cent, against 5.4 per cent in February.

The Labor Department said payroll employment rose 203,000 last month, less than expected. Manufacturing employment fell by 4,000, following a small increase in February and monthly gains of about 40,000 between October and January.

The jobs data followed figures earlier this week showing an unexpectedly sharp decline in the Purchasing Managers' Index, a closely followed guide to economic conditions in manufacturing. The figures suggest US factories are cutting production plans in response to weaker growth of consumer spending, setting the stage for only sluggish economic growth in the second quarter.

If production does weaken in response to sluggish sales, the Federal Reserve, the US central bank, is likely to keep monetary policy on hold for months.

Mr Richard Berner, chief economist at Mellon Bank in Pittsburgh, said he expected growth at an annualised rate of less than 2 per cent in the second quarter, against 3.5 per cent in the first quarter and more than 5 per cent at the end of last year. The slowdown, he said, was likely to be a "pause that refreshes" - a reaction to last year's spending spree rather than the onset of a prolonged downturn.

Economists are divided on whether the deceleration in growth is temporary or permanent. Some analysts said yesterday that at the rumoured price, the purchase of MCA could halve Seagram's earnings in the current year. Its shares fell \$2 to \$25 3/4 yesterday, down almost 20 per cent on the week.

The sale of the Du Pont stake seems shrewdly timed, coming close to the peak of the chemicals cycle with the shares at an all-time high. The deal was claimed as a "once in a lifetime opportunity" yesterday by Mr Ed Woolard, Du Pont's chairman.

In a deal structured to minimise Seagram's tax bill, Du Pont was able to buy the shares at \$56 each, compared to a market price on Thursday of \$64. It aims to raise \$2.5bn of the total \$8.5bn price by selling some of the shares back in the open market.

On Thursday, Seagram raised \$2.2bn net of tax by selling 23 per cent of Du Pont, the US chemicals company, back to Du Pont. Seagram is thought by stock market investors to be hoping to buy 50 per cent of MCA for a little over \$7bn.

Mr Bronfman, 39, is a former film-maker. MCA, which produced the blockbuster Jurassic Park, has more recently been struggling, with open disagreement between its US executives and its Japanese parent. Its latest picture, Waterworld, is believed to be the most expensive film of all time and is widely expected to make a loss.

Mr Bronfman's choice of MCA as a way into entertainment may not be a foregone conclusion. The US media and entertainment

industry is in a fever of deal-making, with film, cable TV and telephone companies all seeking alliances. Mr Bronfman, who besides his \$8bn has 15 per cent of the US media group Time Warner, is in a strong bargaining position.

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Return of the KGB

Continued from Page 1

elements of a police state," said Mr Sergei Karagov, deputy director of the Moscow-based European Institute of the Academy of Sciences and an adviser to Mr Yeltsin. "The strengthening of the FSK is in line with this process."

Like many Russian liberals, who argue that democratic principles must be balanced against the need to consolidate the state, Mr Karagov says the creation of the FSB is not entirely undesirable.

The strengthening of any state organ is a strengthening of the state as a whole," said general-lieutenant Yuri Demin, a senior FSK officer.

Five new bodies have emerged to assume the myriad functions once performed by the all-encompassing KGB, quarrelsome successors who have proven more adept at infighting than at defending the state.

Worried Russian democrats can take heart from one new development. Former KGB agents have proved vulnerable to the siren call of capitalism in the new Russia.

"The best people from the KGB have already left the state. They have all been privatised," said Mr Michael McPaul, a Moscow-based senior associate at the Carnegie Endowment for Democracy, a US institution. "They no longer work for the Kremlin; instead they all work for Mr Gusinsky and Mr Bovko [two of Russia's leading bankers]."

Seagram in talks for stake in MCA

By Tony Jackson in New York

The world of Hollywood was facing its own cliff-hanger yesterday, whether Mr Edgar Bronfman of Seagram, with \$8bn in his pocket, would clinch a deal to buy the film studio MCA.

Seagram, the Canadian drinks company of which Mr Bronfman is president and chief executive, and Matsushita of Japan, MCA's present owner, last night both confirmed they were discussing the possible purchase by Seagram of a controlling interest in the film studio. No agreement on terms or price has been made, they said in a statement, "and there is no assurance that an agreement will be reached".

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Mr Bronfman's choice of MCA as a way into entertainment may not be a foregone conclusion. The US media and entertainment

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THE LEX COLUMN

Tinseltown temptation

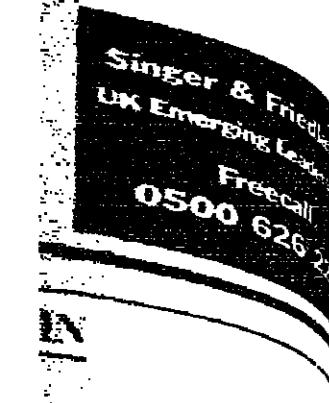
The glamour of Hollywood has turned many a head. Mr Edgar Bronfman Jr, chief executive of Seagram, looks like being the latest. On Thursday night he sold most of the Canadian drinks group's stake in Du Pont back to the US chemicals group for \$8.5bn. That would give him the firepower to buy control of the MCA studio from Japan's Matsushita, for perhaps \$7bn.

There is zero industrial logic in a drinks company buying into Hollywood, though Coca-Cola's one-time ownership of Columbia Pictures shows that such flirtations are not unique. Synergy is non-existent - unless Seagram's Tropicana orange juice cartons and Glenlivet whisky bottles were suddenly to crop up in MCA films. Moreover, MCA is in a mess. Matsushita is barely on speaking terms with its top management, its share of the box office has plunged, and its top producer, Steven Spielberg, is setting up his own studio.

With the right management, MCA's current plight could be an opportunity. It still has a good library of film, music and publishing titles. There is potential to claw back market share and boost margins. But Seagram's investors doubt that a drinks company could do the trick and have hammered its share price as rumours of a purchase have mounted. Mr Bronfman may just turn out to be one of the entertainment visionaries of the 1990s. But using Seagram as the vehicle to pursue Hollywood dreams would not be fair on other shareholders. It would be better to sell his family's large stake in Seagram and invest that in Hollywood direct.

another. But more important is that Labour seems intent on retaining the Bank of England's quasi-independence.

A Labour government would be under pressure to relax controls on public spending; but if Eddie George, the



Weekend FT

David White visits the Spanish port of Vigo, home of Europe's maligned long-haul fishing fleet and meets the people who depend on the sea

Barbarians, pirates – or simply fishermen?

You can tell this is Vigo by the smell. It hits you as you go down through the centre of town to the waterfront on the wide, sheltered estuary. The wharves, cold stores, canneries, boat yards and fish markets go on for five miles. Here, in what has become the European Union's principal fishing port, is the first line of battle in Spain's fish wars.

The activity goes on all night. The auctions start at 8am, in long concrete halls. In one, the sharks and swordfish are laid out like the victims of some hideous sea battle. But the main product and the base of Vigo's prosperity is to be neither seen nor smelled. The frozen fish goes straight from the big boats into the warehouses that line the shore and the street behind. Just as there are freelance fish stalls outside the fresh-fish markets, the companies have frozen-food shops on the street-front.

Hidden behind the main port installations, a fisherman's monument – a man wearing a sou'wester and carrying an oar – spans a far cry from the life of the 200ft trawlers berthed in the port, clean modern ships with bridges like warships and factories below deck where fish is washed, gutted and frozen.

At sea, owners say they cost £5,000 a day to run, which is why, even when there are patrol boats after them, they cannot afford to stop fishing.

The crew of these vessels do a job that few others in western Europe seem prepared to do, spending up to six months at sea at a time.

Vigo is home port for the bulk of the EU's distant-water fleet deployed across the seven seas from the Falklands to the Seychelles. Among them the large Spanish freezer trawlers working on the conflictive, foggy Newfoundland banks are all from here, and almost all their 1,200 crew.

Vigo is an industrious and self-assured town set in a mostly backward and self-



Home is the hero, home from the sea: the *Estal* is welcomed back to Vigo (top) where officials inspect its nets and the people unload the catch

effacing region. It has grown up around fishing. When the local paper, the *Faro de Vigo*, started publishing in 1853 the population was 6,000. This has since multiplied fiftyfold.

Carlos Principe, the Socialist mayor, points down from his modern town hall office to the guiles scavenging at the quayside. "When I was a boy, my father would say that as long as I could see the guiles the town would not go hungry."

One way or another, he says, fishing accounts for 35 per cent of the area's economic activity and at least 20,000 local jobs, one in five. It is the epitome of an industry crucial to an individual community, and charged with emotions, but utterly marginal in the overall European economy.

In Galicia, the northwestern shoulder of Spain, there are 67 fishing ports, employing 40 per cent of Spanish fishermen and landing half Spain's total catch. In no other EU region does fishing carry the weight it does here, with \$400m worth landed annually. Most of the Spanish cannery business – tuna, sardines, mackerel, mussels – is located here. In the whole of Spain more than 500,000 jobs depend on fisheries, including 85,000 at sea.

Vigo is the sector's heart.

Since the clash with Canada hit the headlines last month, it has come to realise that it has an image problem. Spanish fishermen have been vilified as marauding vandals, and nets from the captured trawler *Estal* exhibited as a "monstrosity" outside the United Nations. "They simply don't give a damn," said Newfoundland's premier Clyde Wells. "It's stealing from mankind, just shocking, disgusting, reprehensible behaviour."

The venom received from newspapers in Britain is painfully puzzling to the Vigueses. They are not given to this kind of prejudice. But feelings about the Canadian conflict run high. After the *Estal*'s seizure, 100,000 took to the streets, a third of the population. When it returned, one of the crew, Julio Figueiredo, said if he saw another Canadian he would break him in two. But then he was just back after almost five months at sea and a week in captivity, with a good month's fishing lost and part of the catch confiscated. Nobody could remember a worse trip.

"We are depicted as barbarians," sighs José Ramón Fuertes, director of Vigo's trawler-owners' association. "We are not. Spanish fishermen are no different from any other fishermen."

"Now our people stick to the rules," maintains a retired trawlerman. "But it is true that for years they stripped the fishing grounds, because there was a lot of fish."

Roles have been reversed since the last violent clashes in the Bay of Biscay last summer, over the prized long-fin tuna.

Spanish Basque and Galician fishermen were accused of cutting the long drift nets of French and British vessels,

which they alleged were breaking legal limits. Ecological organisations such as Greenpeace were on Spain's side then, condemning the drift

territory of the western Sahara are rich hunting for mackerel, sardines, tuna, shrimp, squid and octopus. Ninety per cent of the 700 EU boats fishing there in competition with Russians and Koreans are Spanish. They include Vigo boats working out of Las Palmas in the Canary Islands and shrimp boats from Huelva in the southwest. Morocco wants to make more of its fishing industry and cut Spanish activity. Like Canada, it complains of Spanish fishermen ignoring regulations.

Rafael Montoya, leader of Andalucia's federation of fishery guilds, says if Rabat gets its way "we won't have enough water left to wash with".

Then there are the seasonal rivalries in the Bay of Biscay. First come the anchovies.

Spanish and French Basque fishermen use different techniques for netting them. After battles last year, the French authorities agreed to hold off fishing until June. But, warns José Loira, the Spanish government's secretary-general for fisheries: "At any moment at sea, you can never be sure there will not be a clash."

On June 5, the boats will set out from Burela in northern Galicia for the long-fin tuna,

their crews still hung over from the special feast held the previous day. Madrid and Paris have been working to try to prevent a repeat of last year's incidents. And then looms Spain's full incorporation into the EU's common fisheries policy from next January.

Continued on Page VI



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Continued on Page VI

CONTENTS



Travel: Sick of flying? How to overcome aerophobia XV

Perspectives: Hi-tech highways into your home III

Food and Wine: The trouble with Chile... VII

Weekend Investor: Four pages of facts and figures for investors XIX-XLI



Fashion: Stay cool and dry in the latest waterproof styles V

Sports: Soccer's battle of wounded knees XVI

Arts	XI
Arts Guide	XVI
Books	VIII, IX
Bridge, Chess, Crossword	XVII
Fashion	V
Food & Drink	VII
Gardening	VI
How To Spend It	IV
Holidays	VI
Properties	XII
Science	III
Small Businesses	II
Sport	XVI
Travel	XV, XVI

NEXT WEEK
Life for the lowest castes in Bombay's biggest slum

Joe Rogaly

Playing the identity card

Major has again spoken in favour of citizens identifying themselves

Identity cards diminish personal freedom. A requirement that they be produced, either for specific purposes or on constabulary demand, would eliminate many of the corners into which the individual may scurry in search of privacy.

Last week John Major spoke once again in favour of a law whose effect would be to compel British citizens to identify themselves. His scheme is opposed by right-wing libertarians. It would constitute a rolling off the state of the libertarians of the left have another reason for opposition. Any national card scheme would be a charter for police harassment, particularly of minorities.

Yet Mr Major's promotion of ID cards, ostensibly on grounds of administrative convenience, is seen by most people as the essence of sweet reason. There is strong public support for the idea, although whether this is proof against the counter-arguments that would emerge in a national debate is uncertain.

I gather that some home office officials doubt both the cost and the likely effectiveness of the schemes they have been discussing. The cabinet is divided, ill at ease about the notion of introducing a new law that could stimulate widespread protests against it. The poll tax is seared in the Tory

memory. Yet the case for cards is seductive. Those who have a right to a particular taxpayer-financed service have nothing to fear. People who are entitled to be here would be untroubled.

The principle has often been reinvented by politicians who see profit in promoting protection from outsiders. In California last autumn, Pete Wilson, running for re-election as governor, floated the idea of a

Such arguments camouflage the real purpose of ID cards. They are intended to exclude, not include. By declaring that his administration will introduce them, Mr Major is sending a subliminal signal to the pro-Wedge voters whose support his party has lost. Rally round the Conservative banner, he is saying, for it is we who will weed out welfare scroungers, deport illegal immigrants, and nudge, nudge, give the police even greater opportunity than they already have to stop and harass scruffy-looking youths, or black or brown-skinned persons of any age.

Whoa. Surely this is going too far? Nope. Those of us who grew up in South Africa know what an ID card can become. In officious hands, it is a pass. The passbook, with its permission to be in a certain area, its

record of poll tax paid, tribal origin, and other personal details, was the most hated symbol of apartheid. It was carried by black South Africans alone.

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are finely balanced. The Tories are trying to provoke a Labour statement against ID cards. That would give Mr Major a law 'n' order advantage. He could talk of how the ease of identification would help in the fight against crime, not to mention terrorism. Never mind that, as Andrew Puddephatt of Liberty says, there is no evidence that this is so. Criminals and bombers get away with what they do because the police fail to find them, not because they are without identification.

Alan, in a general election campaign Mr Major's tune would be hummed, drowning out Mr Puddephatt's. Labour may be expected to duck the issue, by offering a voluntary "citizens' access card", or some such absurdity. The Tories could outbid that with a compulsory scheme.

They should recall their history. Identity cards were used in Britain during the 1939-45 war. They may even have been of some help in making life awkward for enemy agents and reducing the black-market trade in ration books. Labour wanted a single card, which would include national insurance and national health identification numbers. The Conservatives opposed that, as an extension of the socialist state.

So far, so ordinary. What happened next now seems inevitable, to anyone who

knows England. After the war a number of police constables began stopping cars and asking the drivers for their ID cards. Clarence Henry Willcock, a manager of a dry cleaning company, refused to produce his papers for PC Harold Muckle. He was taken to court, and won the argument. The case is celebrated as the one that led the Conservatives to abolish the card in 1982.

I am confident that the Tories will now re-introduce it, partly as a double-up to the immigration controls already in force, and partly in response to electoral calculations. There is also an industrial case in favour. The computer chip business will grow even fatter on smart cards. There is no stopping any arm of the electronics octopus that has us all in its tightening and omnipotent grasp.

That, however, is the problem. Cards may protect the middle classes from the cards? In *Willcock v Muckle*, Lord Goddard, then Lord Chief Justice, concluded that routine police demand for cards did "tend to make people resentful of the actions of the police" and "turn law abiding subjects into law breakers". What would he have said of electronically enhanced plastic?

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PERSPECTIVES



Business cycle: Patrick Shaw with a recumbent at FutureCycles showroom in Forest Row, East Sussex. Glyn Goss

Minding Your Own Business / Clive Fewins

An economic cycle that satisfies

In Patrick Shaw's vision of the household of the future, the car will take second place to the bicycle. The garage will be home to the family fleet of cycles.

Ideally every member of the family will have at least three cycles - an off-road bike, a hybrid machine with panniers for shopping and similar short trips, and a recumbent model for pleasure - and for long-distance use," said Shaw.

These last are his main interest. Shaw is sole proprietor of FutureCycles which specializes in making and trading in these sleek, comfortable machines which look rather like a travelling deckchair.

On a recumbent bike the rider travels feet first - and fast. Recumbent bikes hold all the world speed records for cycles, according to the British Human Power Club. Will they therefore ultimately replace conventional cycles? Shaw thinks not, largely because they are much more expensive than similar models.

However he is convinced there is money to be made in exploiting the concept. "Many health practitioners say that recumbent models are much better for the posture," he said.

Eight years ago, Shaw was working as a freelance insurance consultant and copywriter. A legacy left to his wife had given them some financial freedom and Shaw had become hooked on the idea of a "portfolio lifestyle" advocated by professor Charles Handy, and similar thinkers.

He met Graham Bell, an importer of recumbent cycles. "I realised what was wrong with insurance - I hated the product," Shaw said. "On the other hand, Graham's bikes were colourful, and huge fun to ride."

Shaw continued with his freelance insurance work, but also began teaching business law at a local college for one day a week. As a third occupation, he became an agent for Bell in the south of England. His wife Elizabeth, a nurse, worked part-time.

Shaw spent £8,000 on three models of recumbent cycle and took to the road in his car giving demonstrations and making the occasional sale.

"At £1,250 and upwards per cycle it was not easy, particularly as it was 1990 and the recession was beginning to bite. One day I realised that what I was doing was a mug's game," Shaw said.

"People were beginning to hear of us and there was great potential. But I was unable to get away for a proper holiday and was still turning over too

little to be able to afford an assistant," Shaw said.

Help came from Ian Crowder, a local man who had lost his job as a product designer with a building supply company. As well as assisting when Shaw was away, Crowder teamed up with a designer friend, Jonathan Freeling, to design a new model to be sold under the FutureCycles brand name.

"Ever since Britain left the ERM in September 1992 the German and American models had become much more expensive and we had toyed with the idea of producing a light, fast, recumbent cycle to compete with the German models," he imported," Shaw said.

In July 1994, FutureCycles launched the Streetcycler. It has an all-British lightweight frame and the basic model costs £1,850. Shaw refuses to divulge sales figures, for reasons he also will not go into. Cycles like this are very hard to patent and his aim is to sell to patent and his aim is to sell to

the public. "I have borrowed nothing, and I have no overhead," he said. "But if the batches of cycles we are importing expand, as I think they might, and if we order bigger batches of frames for the Streetcycler I shall have to think about a loan of some sort."

However it is the lifestyle he has achieved rather than business success that has provided his greatest satisfaction.

"It took me nearly 40 years to dump my middle class background with its expectation of a good job that would be a career for life," he said. "I am doing things I enjoy with a product I love, and really going for it."

FutureCycles, Friends' Yard, London Road, Forest Row, East Sussex RH18 5EE. Tel: 0343 522847

On the trail of the fraudsters

Grania Langdon-Down asks a leading corporate detective agency about its work

There is not a trilly or crumpled raincoat in sight at Kroll Associates, the world's largest corporate investigation agency. Words such as "agents" or "operatives" are frowned upon as "1930s gumshoe talk". The image is strictly executive and its UK base is suitably situated in Savile Row, the home of bespoke tailoring in London's West End.

Today, business is good for these corporate sleuths - if the 1980s was the decade of the deal, the 1990s is turning into the decade of fraud, according to Tommy Helsby, senior man-

aging director of Kroll Associates' London office.

Companies call in agencies such as Kroll when they are under threat of a takeover and need to know about the opposition, when they are worried about sensitive information leaking out, when they want details on a competitor or face litigation.

What they get are the combined skills of intelligence specialists, former senior police officers, lawyers, accountants, anti-terrorist experts, security analysts, journalists and researchers who can tap into a range of other expertise. With criminals becoming

ever more sophisticated in white collar crime, one of Kroll's specialities is to put in place deep defences against fraud, including internal financial controls, training programmes, communication, computer and personnel security and even "counter surveillance" measures.

Alongside its corporate clients, Kroll has been hired by many foreign governments to trace misappropriated assets - London staff have helped find millions of pounds for the Kuwaiti government, and vast sums siphoned off by individuals in the former Soviet Union. Inquiries have included a

reinvestigation, using new forensic techniques, into the suspicious death of Italian banker Roberto Calvi, found hanging under London's Blackfriars Bridge in 1982. "Our conclusion was that there was no way it could have been suicide, there was no way he could have ended up where he was unassisted," said Helsby.

Another case involved a financial institution which had been approached by a private individual, living in an offshore tax haven, who appeared to be very wealthy.

"Our clients were very concerned that they might be dealing with a money launderer,"

said Helsby. "We were able to track back his business career and show how he had made his money. His explanation that he lived very privately for tax reasons was wholly credible."

He described one case of product extortion Kroll had investigated in Vienna, where a biscuit company faced the threat of poisoning unless it paid large sums of money.

"We analysed the nature of the threatening letters and decided it was likely that they were being sent by a former employee. He had set up a complicated system for payments, involving several accounts in different banks. We got the banks to dig out old video recordings and managed to track back to when he opened the accounts and so got a picture of him."

Kroll Associates has six US offices and others in London, Paris, Hong Kong, Tokyo, Manila and Moscow. It employs a total of 250 staff, including ex-intelligence and security service agents on its US teams, and can call on a worldwide network of 1,000 associates, such as behavioural scientists, independent private detectives and researchers for additional expertise.

Average budgets for an investigation are between £15,000 and £20,000, but some run into seven figures.

Kroll takes its own security seriously. Staff use swipe cards to access the offices; most outsiders are kept to the reception area and three meetings rooms. Helsby's office is spacious with conference table, discreet telecommunications centre, computer and desk. There are Japanese prints on the wall, bought in Tokyo with his Japanese wife, and photographs of their two young daughters.

The agency was started in New York in 1972 by Jules Kroll, an American prosecuting lawyer, and last year undertook 2,500 assignments. The London office is the largest outside New York with 30 staff, including anti-terrorist experts, former senior police officers, lawyers, accountants and securities analysts.

One case that illustrates the detailed work of the fraud detectives began when a company approached Kroll after a stolen cheque was made out for £40,000 and presented at a bank with an accurately forged signature. The bank noticed the cheque number was substantially out of sequence and prevented the fraud.

But when the company checked its records it found another eight to 10 cheques were missing, along with a bank mandate containing the authorised signatures.

Helsby explained: "The police just do not have the resources to investigate what was essentially an attempted and failed theft. But it was deeply disturbing for our clients who were worried about internal controls."

"We spent about six weeks on the case, installing hidden cameras in the area where the sensitive material was kept, interviewing staff. We traced everyone who would have had access to the cheques and the bank mandate and discovered that an organised gang had infiltrated the office's cleaning company."

Over the next month, the criminals unsuccessfully pre-



Tommy Helsby: 'We are trained to keep ourselves out of trouble'

Tracy Humphrey

ented three more cheques for similar amounts. Kroll passed on its findings to the police when later made arrests.

Helsby, 41, a journalist hired 14 years ago by the agency to set up a newsletter in New York who "stumbled" into the investigative side, plays down the tough-guy image of the private detective.

Staff do work in difficult and

'The company found more cheques missing, plus a bank mandate containing the authorised signatures'

Russia and Africa is emerging as a new fear, with victims at great risk of panic shootings.

In western Europe the threat is more from "tiger" kidnaps, in which, for example, the wife of a bank manager is held hostage to force him to open the safe.

The "crisis management" section, headed by Ray Adams, a retired Scotland Yard commander, advises companies at risk from extortion through kidnapping and malicious product tampering, which can cost companies millions in lost sales and production.

Most kidnaps take place in South America and every traveller or executive living abroad has his or her price, with "spotters" identifying potential targets.

A typical example was the kidnapping of an executive, leaving no trace except for his blood stained car. A Kroll team stayed with the family: "If the negotiations are not controlled properly, either the kidnappers will keep the victim and come back for a second hit of money or kill them."

Two growth areas in the US are investigations of sexual harassment claims and sabotage by vengeful former employees.

Helsby said: "With courts in the US making \$1m awards in

sexual harassment cases, it can mean huge exposure for companies accused of condoning it.

In the UK, it is likely to be more like £25,000 or £50,000 and it is probably the potentially embarrassing publicity that would lead companies to call in outside investigators.

"In the US, there have been cases of former employees taking a machine gun to their old company; in the UK, we use an employment tribunal."

It came as a slight disappointment to learn that agents do not have James Bond-like gadgets up their sleeves. "We just look like boring old professionals with briefcases," said Helsby. "Essentially, what we do is read documents and talk to people."

Helsby said intelligence gathering was done strictly by legitimate and ethical means. While staff might gain information by interviewing someone under the guise of market research, they will not deliberately misrepresent themselves.

He said: "Some people are convinced we have staff working undercover, or that we bug telephones to get the information. We don't. It is amazing, though, how people will chat away and then half an hour into the conversation say 'where did you say you were calling from?' "

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JFM in 150

PERSPECTIVES

The Englishman's home, long portrayed as his castle, is about to be stormed by a technological revolution that has been seen nowhere else in the world and that will transform the way we live.

If that sounds far-fetched now, it will not be 1998, when Britain's shake-up of its utilities gets up to full speed and competition among domestic services becomes widespread. In the telecommunications field Mercury has been competing with BT for more than a decade, and cable companies are digging up streets across the land, laying combined phone and television networks.

But from 1998, all domestic utility services, except water, will be fully deregulated. Homeowners will be able to wave goodbye to British Gas and the local electricity company and buy services elsewhere. The utilities themselves will also change as they adapt to open markets.

Just as dramatic is the pace of technological change which will support the new markets: intelligent meters which automatically shop around for the best deal on gas and electricity; telecoms "superhighways" bringing shopping and information services on to a television screen; remote controls to turn on the country cottage heating; even a link between your electricity meter and your bank account.

This revolution was triggered by the privatisations set in motion by Margaret Thatcher in the 1980s, and the introduction of competition into services where hitherto there had traditionally been a single supplier.

Most people are so accustomed to taking their utilities from a single company that they cannot even imagine choice - how can you change your gas company when you only have British Gas's pipe coming into the house?

The answer is that the pipe or cable that already brings the service to your house will become a highway for all the new service suppliers, rather as BT's lines give access to many of the new telephone companies. A large proportion of Mercury's 1m residential customers still use BT cables.

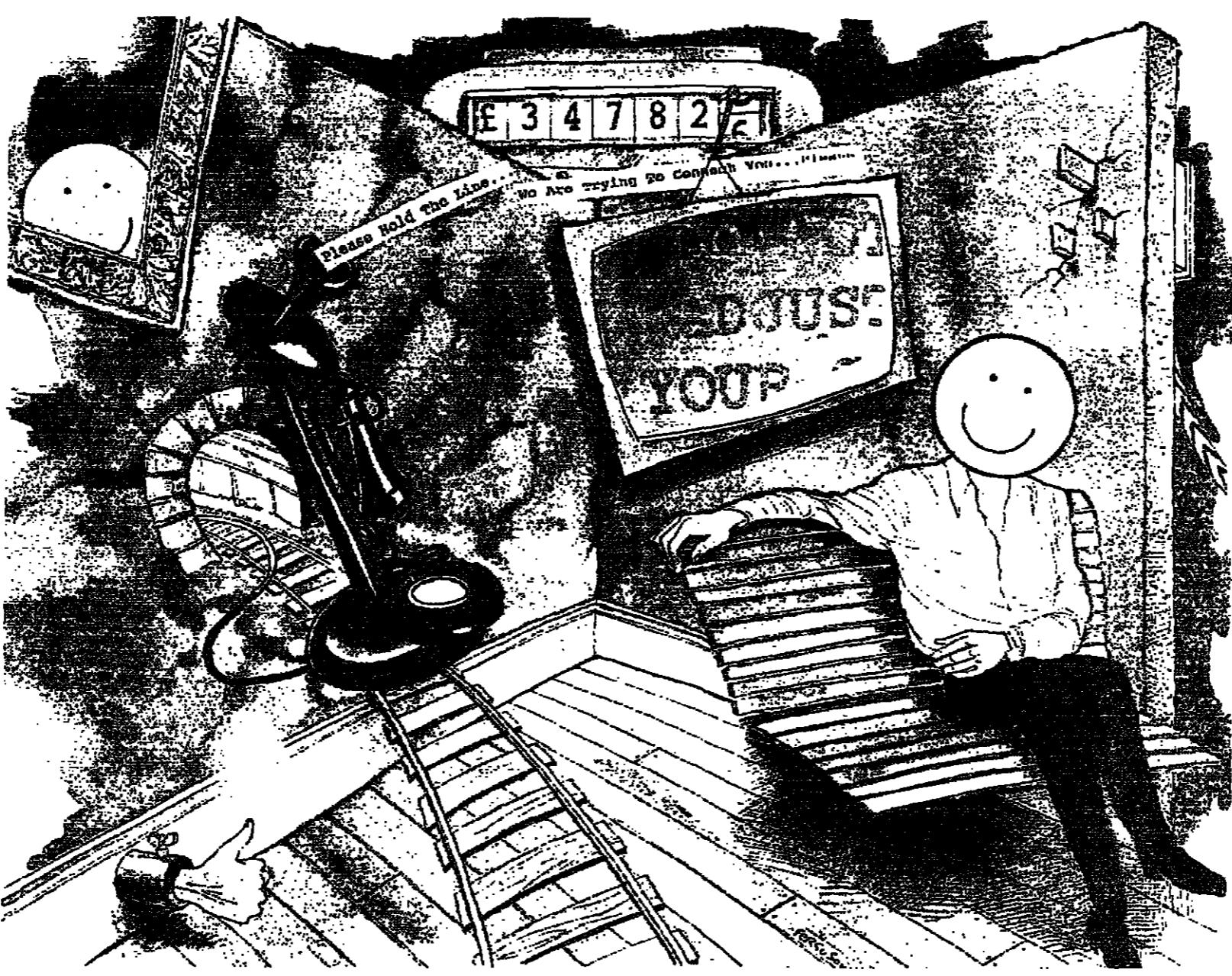
In the electricity market, regional companies are planning to expand beyond their local monopolies, so you may find Scottish Power seeking customers in Cornwall. British Gas itself could become an electricity generator.

We may even see the emergence of superutilities providing a range of services. Norweb, the Manchester-based electricity distributor, is getting into gas and telecoms.

Ten years hence telecoms companies - and, probably, the Post Office - will have diversified into an array of new services. BT will have a video-on-demand service linked to a library of Hollywood movies; the Post Office may be using its sorting offices as storage and distribution centres for home shopping services. You may end up paying BT for your videos, Yorkshire Electricity for your phone line, and the Royal Mail for your groceries.

Take a look at your home 10 years from now.

You have five incoming telephone lines. At least one of them is a cellular line, which doubles as a mobile phone when you are out and about. The others are linked to a fibre-optic "superhighway" with a far greater capacity



Highways into your home

David Lascelles and Andrew Adonis on the coming revolution in domestic technology

work and the newest long-distance phone company, Energis, was spawned by the National Grid and has erected its 3,500km network across the earth wire of the Grid's pylons.

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than existing copper telephone lines. It can carry dozens of television channels and a range of "interactive" services that enable you to summon videos, interrogate databases, impart information and place orders for goods and services.

Some of the new superhighway services will be expensive. To experience a "virtual reality" dive to the Great Barrier Reef, for instance, you need special goggles and a wide-screen television in addition to the networked "teel package". But phone and E-mail charges will be barely half their current level in real terms.

We may even see the emergence of superutilities providing a range of services. Norweb, the Manchester-based electricity distributor, is getting into gas and telecoms.

Ordering a movie across the network will be cheaper than hiring a video today; browsing through an electronic home shopping catalogue and placing your orders will be cheaper than a bus fare.

You might choose films and shops from an array of competing suppliers. Least-cost routing software in your telecoms junction box automatically charges your calls - whether for a film or for a basic phone call - to the cheapest of the many telecoms companies to which you subscribe.

In your back kitchen, where you used to have your central heating boiler, a small gas-fired electricity generator whirs quietly. It produces your power and uses the waste heat for central heating. It is controlled by an intelligent meter which works out every

half hour whether it is cheaper to generate electricity or buy it from the grid. If it senses that the grid is heavily loaded, it can even pump surplus electricity back up the wire and sell it to you.

This combined heat and power (CHP) system is enormously efficient: it makes twice the use of gas's calorific value as today's boilers.

The key to the changes is a view of the utility, not as a service, but as a marketing route into the home

Two-way communication between the electricity company and your meter enables your supplier to offer you "interruptible" services so that you can have cheaper electricity in return for letting the meter switch off non-essential appliances if power surges on the grid. You have a display on the kitchen wall showing how much gas or electricity you are using, and what you owe since you last paid the bill.

But even the money arrange-

ments could change. Some futurists in the utility world see the meter providing a link with the bank: it could dock your bank account automatically, or better still, act as a kind of on-line bank account which settles all your household bills.

All these services may belong to tomorrow, but the technology on which they depend is already available, and much of it is UK-based, spawned by the changes in the marketplace.

The key to the changes is a new view of the utility, not as a monopoly supplier of a routine service, but as a marketing route into the home.

Jonathan Stern, a consultant to the gas industry, says: "Smart metering means you could have utilities offering tailor-made services to each household."

Arthur Andersen, the management consultancy, has opened a "Smart Store" in Windsor featuring the home and shop of the future. The kitchen includes a television with an interactive recipe programme that tells you what ingredients you would need for a barbecue party - and then orders them for you.

These, at any rate, are some of the possibilities. It is now up to you, householder, to make use of them. But will you?

A century ago, telephone pioneers assumed that their invention would supplant the

postal service. Today, more letters are delivered than ever. Much of the "superhighways" hype has been around for a decade, but telecoms operators have yet to provide a commercial video-on-demand service, let alone interactive recipe books and financial consultants.

You may be able to save money by shopping around for the cheapest gas and electricity, but will it be worth the effort? Will you feel happy buying gas from a company you have never heard of, or hooking up your telephone to an electricity supplier based at the other end of the country?

John Wright, a specialist in utilities at Price Waterhouse, thinks many of the ideas being proposed are far-fetched. But he agrees that dramatic changes could occur if people are given the right choices and incentives.

The typical family may never want to dive to the Great Barrier Reef in the living room. But if the weekly shopping can be delivered at the flick of a switch, surely someone will want to take advantage of the opportunity?

Married in two hours

Peter Whitehead recalls the spontaneity of his wedding

With the authority vested in me by the US Coastguard," said the captain. "I now pronounce you husband and wife." And so, standing coyly on the bridge of the Tahoe Queen paddle steamer, we were wed.

Yet less than two hours earlier on that Sunday afternoon in South Lake Tahoe, California, we were still planning how to spend our evening. A concert at one of the casinos on the Nevada side of the state border was fully booked. So about getting married?

We had seen the roadside wedding chapels, with names such as Cloud 9 Weddings, Chapel of the Bells and Amor du Lac. Out of curiosity, we had called into one. It was gaudy, full of cigarette smoke and teenagers. But a leaflet in our hotel room held out hope - a ceremony aboard the Tahoe Queen as it cruised the geodesic Lake Tahoe.

Wondering whether a British couple on a skiing trip to the Sierra Nevada would qualify, and whether it would be legal back home, we made inquiries.

"Gee, you're cutting it fine. The boat leaves at 6.30. But if you can be here by quarter to six for the paperwork, we'll do it," came the response.

It was 5.15 and we were still in our ski clothes. But we said we would be there. Twenty minutes later we were almost ready and should have made it to the quayside office just in time - but the dark clothes my bride was wearing triggered a short, sharp debate and a drive to the shops.

Incredibly, a clothes shop was open as the clock ticked on towards six. My wife-to-be was bundled into a cubicle and every cream-coloured item of clothing in the store was hurled at her.

A silk blouse and skirt were deemed most appropriate by the increasingly excitable shop assistants, one of whom was still snapping at price tags and labels as we ran across the car park to the car.

We scammed breathlessly into the wooden office at a few moments after six: "Hey, no worries. We've plenty of time," said the registrar.

The paperwork was simple. The arrangements relaxed. Dollars changed hands and we were swept along by American efficiency and enthusiasm. There was even time for a brief photographic session on deck.

We could have been married on the boat's dance floor - the Tahoe Queen was making a starlit dinner-dance cruise - but rather than become the evening's cabaret, we chose the privacy of the bridge. Captain David Clark would collect us from our table once he had got the cruise underway.

The ceremony was short and solemn on a bridge - some

might have called it a wheelhouse - barely large enough to accommodate a happy couple, a captain and witnesses, one of whom took our camera and flashed away as we made our responses and listened to the captain read a passage from The Prophet by Kahlil Gibran.

By seven, the knot was tied and we were heading back below deck for our wedding supper - halibut for me, creole chicken for my bride.

Still incredulous at the speed with which we had been transformed from trendy co-habitees of six years standing to traditional husband and wife, we spent the rest of the evening in a haze.

Back at the quayside, people were gathering in front of boards on which were pinned photographs. The official photographer had been busy - he had prints of every passenger ready to sell by the time the cruise ended.

Next, we tied up loose ends, such as telephoning disbelieving families

And there, in the middle, were our six wedding photographs. "Ten dollars each, or 50 dollars for the lot," said the photographer's assistant. "Geez, they just got married," came a drawl from behind. We handed over \$50 and left.

Over the next few days, we tied up the loose ends between visits to nearby ski resorts. We telephoned disbelieving families, bought wedding rings (our unpreparedness meant we had to skip the part of the ceremony which referred to rings), and had our licence stamped at Placerville (formerly Old Hangtown), in El Dorado county.

It might sound frivolous in the re-telling but we were in our thirties and felt anxious at the prospect of a traditional "Big Day". In fact, our wedding was a surprisingly serious and dignified occasion.

It was romantic and exciting too. Celebrations with family and friends stretched into the early summer, culminating in a lunch at Merchant Taylor's hall in the City of London.

The recent liberalisation of the UK's law on where couples can marry - until last Saturday they were restricted to churches and register offices - might encourage more to wed and give a small fillip to what is said to be the flagging institution of marriage. But Britain has a long way to go before it can match the excitement and spontaneity offered in other parts of the world.

The Nature of Things / Clive Cookson

The killer diseases that face extinction

step beyond "elimination" of a disease as a public health problem, through prevention of infection and/or effective treatment, when the germs responsible still exist in the wild.

What makes a disease potentially eradicable? The first requirement is that human beings are the only species infected. If the organism also flourishes in other animals and its life cycle does not depend on people, then there is no practical way of exterminating it. For this reason, dengue is the only candidate for eradication among parasitic diseases.

Dracunculiasis, a waterborne disease caused by the parasitic guinea worm in tropical Asia and Africa, is on schedule for eradication even before 2000.

Of greater global significance is the prospect of wiping out measles within the next generation. Although measles is popularly regarded as a relatively innocuous childhood illness, it kills more than 1m babies and children every year in the third world.

In world health parlance, "eradication" means exterminating the organism that causes the disease. The smallpox virus no longer exists outside two high-security laboratories in the US and Russia - and, as we shall see later, there is a lively controversy about whether their stocks should be destroyed. This is a

scopic larvae (which grow into metre-long guinea worms inside their victims), either by giving sensitive viral tests to anyone showing symptoms of paralytic illness that might possibly be polio.

Mass vaccination prevents viral infection. The WHO polio campaign is based on routine immunisation with oral polio vaccine.

Some say we have no right to make any species extinct, whether panda or polio

vaccine (OPV); an estimated 80 per cent of the world's babies receive three doses of OPV in their first year of life. In developing countries this is supplemented by national immunisation days, on which every child under five receives two booster doses. And during the final stage of polio eradication in a particular country, health workers take OPV from door to door in high-risk districts, immunising all young children.

WHO will declare the world

dren. At the same time, the last cases are detected by giving sensitive viral tests to anyone showing symptoms of paralytic illness that might possibly be polio.

Fortunately eradication does not require everyone to be vaccinated. Mathematical models of infection, confirmed by practical experience with smallpox and polio, show that overall vaccination levels in the region of 80 per cent are enough to break the "chain of transmission".

The whole of America, north and south, is free of polio and the campaign has reached the final "mopping up stages" in many other parts of the world including the Middle East, China and east Asia. The principal remaining reservoirs of wild virus are in west and central Africa and, above all, in south Asia; more than 80 per cent of the world's 7,900 reported polio cases in 1983 were in India, Pakistan and Bangladesh.

Health officials say that, although the WHO campaign is on schedule, it could still be thrown out by political upheavals, economic crises, social unrest and war.

WHO will declare the world

officially polio-free when three years have passed without a reported case. Then immunisation can stop and the world will finally enjoy the full benefits of having eradicated its second viral disease.

The last luxury of eradication will be the debate about whether to destroy the laboratory stocks of polio. Such an argument has been raging for several years over the fate of smallpox.

WHO officials want to kill the remaining smallpox virus, which is locked away in high-security labs in Atlanta and Moscow. Its destruction would symbolise the ultimate eradication of a disease that was killing 2m people a year as recently as the 1960s. And as long as the stocks remain in existence, there is a risk that the virus might escape and cause a new smallpox epidemic, either accidentally or through terrorist activity.

Many medical researchers, however, oppose destruction, which they see as a political rather than a scientific act. They argue that the tiny risk of escape is outweighed by the valuable information - for example about viral virulence - that could be obtained by studying the live virus.

Furthermore, smallpox might conceivably have survived elsewhere, in bodies buried decades ago in the Siberian permafrost, or in forgotten vials in other laboratories. And some conservationists argue that we have no right to make any species extinct, whether tiger or smallpox virus, panda or polio.

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HOW TO SPEND IT

Guinea pigs in the language laboratory

Judith Gubbay tests hi-tech home-teaching programmes

Pauline Rosenthal has just booked her umpteenth holiday in her favourite country, and she is determined to be able to say more than a muttered capuccino per favore. "This time I really must learn enough Italian to be able to communicate with people."

"My knowledge of French reached a plateau at O-Level," says John Baer. "We go to France on holiday at least once a year. I'd like to understand more and speak it better."

For Linda Zeff, a freelance editor, the main appeal of getting to grips with German is work-related: "My job includes having to resolve queries on German text, so I need to be able to pronounce the words at the very least."

Can videos, cassettes, CDs and computer wizardry help make learning a language painless for adults?

The experts are unenthusiastic about self-study alone as a way of learning a language, although they have kind words for certain elements of courses like the ones our students tried.

"Tapes are very useful for listening practice, as long as they use native speakers," says Philippe Boivin, a French tutor. His verdict on self-study of languages in principle: "I've been giving private French lessons in England for the last six years, and I'd say 60 to 70 per cent of my students had tried self-study or big classes and given up. These courses are OK if you just want to be able to get by. But learning a language properly takes time - and doing it on your own is particularly time-consuming."

Philippe Wright of the Centre for Information on Language Learning and Research (Cilt) agrees that it is vital to be realistic about the time and money you are prepared to put into it - and about how much you actually enjoy languages and learning.

"You can discover how you will get on with a self-study course by borrowing one from the library or through a local adult education college."

Try to stick with it, following the instructions, before you decide whether it's right for you." Wright advises against using unfamiliar technology while trying to master a language, and warns that some courses have simply transferred old teaching methods on to a new format.

"But the CD-Rom market is expanding rapidly, so more interesting products are likely to become available." Like Philippe, she would encourage listening to a wide range of material and voices, and using a variety of media, whether on video or foreign language radio and satellite TV stations.

Cilt's *Information Sheet 4: Language courses for adults* is free (please send s.a.e.) from: 20 Bedford-

Can videos, cassettes, CDs and computers make learning a language painless?

■ Likes
 Hearing words on tape while seeing them in the book
 Variety of voices on the cassette
 Realistic situations in the lessons
 Opportunity to see people speaking on the video
 Additional material on culture
 Well-structured, attractive course, with easy instructions

■ Dislikes
 Difficulty of hearing what was said in street scenes (although the book made it clear)
 Presenter's distracting movements
 Poorer quality of filming in streets/cafes compared with studio

■ Verdict
 Excellent. I would buy it. I had tried evening classes before, but only lasted about three weeks because they didn't make it interesting enough for me to carry on. I think this course is exactly what it says it is - no more than that. It is perfect for holidays. Although I have only done one unit so far, I feel I have learned a great deal."

John

John tried the Dialogue course for beginners from Macmillan (two video cassettes, eight audio cassettes, two car cassettes, three books, dictionary, telephone helpline): £169, freephone 0800-190500 for information pack, 21-day free trial period.

"I listened to units one to 20 a couple of times, and then skipped to unit 29 and 30. The material is based on topics such as accommodation, food and shopping. The intention is that you listen to the tapes without reading the text, until the words are familiar, then follow the dialogue in the book. Finally, you complete the exercises linked to the dialogue and learn key phrases."

■ Likes
 Basic vocabulary (even advanced units had few words new to me)
 Course material not interesting or challenging (one unit consisted mostly of counting up to 80)
 Car cassettes simply repeat the dialogue used in the units

■ Dislikes
 Key phrases at end of each unit
 Flagging of words which might be difficult before a dialogue
 Crosswords (very easy, however)

■ Need to consult separate practice book, as well as course book
 Stilted, low-budget videos
 Videos difficult to watch more than once; tended to jump around from topic to topic
 Verdict

"I thought the course was far too

easy, presumably so users would think they were making good progress. (I have a very moderate French O-level, passed 20 years ago, topped up by perhaps half a dozen short trips to France.) The first tape consists almost exclusively of people saying 'bonjour', 'bonsoir' and so

on. Having followed the course for nearly a month, my French has not improved noticeably. However, the course is mainly aimed at people with absolutely no language experience or who did not get far at school; because it is so uninteresting it could introduce the language."

Linda

Linda used Think & Talk German multimedia PC-driven CD-Rom and Cds, Berlin, £158 through W.H. Smith, by mail from First Computer Centre tel: 0832-310287.

"There are 50 scenes on nine CDs which you use in the CD-Rom drive of a personal computer. For each 'scene', you hear German words and phrases and linked sound effects, while illustrations designed to help you guess what is being said appear on the screen; the second time round you try to repeat the words as you hear them; the third time, you reply to the simple questions included in the 'scenes' before hearing the answers. In the next step, you see the same sets of words and phrases printed on the screen; the fourth step involves typing in answers to questions; for the fourth you record your own voice as you put phrases together for yourself."

■ Likes
 Effective drumming in of words
 Hearing the rhythm of the words and phrases
 Dislikes

■ Not being able to have a conversation based on vocabulary I had learned (mostly nouns, no realistic situations)
 Process of repetition boring
 Uninteresting scenes
 Disappointing graphics - just static cartoons, no moving pictures
 Very confusing and non-user-friendly manual; poor explanation of things such as how to use the on-screen dictionary
 Need for technical know-how
 Verdict

"I remember all the words I learned, and I could look at other words now, and have confidence that I would know how to pronounce them. I had never studied German before, although I had seen lots of German phrases. I thought the course would be fun, and would take advantage of CD and computer technology, but it didn't seem to add much that you couldn't have got with audio tapes. It says it is a self-contained teaching programme for the tourist, business traveller and student, but seems more as if it is intended for a child, it is so slow and irritating."



Amanda Hall

The lure of the gold thread of history

Anne M. Sebba investigates the rising market for needlework samplers

Anyone who bought a good quality, 19th century sampler in the last decade, preferably a brightly coloured one with more picture and fewer words, made a shrewd investment.

Samplers, the decorative examples of needlework featuring illustrations, verse and often the alphabet, are increasingly sought after. "We've seen an enormous interest and price jump in this area," said Kerry Taylor, a Sotheby's textiles expert. "A few years ago a cracking Victorian sampler might have cost about £600 to £800 but now you can double that and might have to pay £1,500 to £2,000 for a really attractive one in perfect condition."

According to Taylor, there is always interest in names. "There's no other way to buy something containing so much social history," she explains. A

sampler with a floral border and a sad verse, possibly listing dead members of a family, although mawkish, will usually appeal, as will a poignant verse about death, provided there is a pretty house as well.

"But a mourning sampler with a weeping willow and a theme to lift the heart might be harder to sell."

She is sent dozens of alphabetic and numeral samplers but these, with not much of a story to them, rarely reach more than about £50.

Joy Jarrett of Witney Antiques, who holds one of Britain's biggest stocks of samplers, has also noticed recent interest. "I think a sampler

does not seem such an expensive proposition compared with a water-colour, for example, when you remember it took so much longer to make and there are fewer of them around."

Jarrett believes that very good samplers are still underpriced - she has a pair of fine, 18th century, non-pictorial samplers at £1,700 - and points out that with samplers unlike paintings, it is still perfectly possible to find museum-quality works available.

Originally, samplers were a record of stitches and patterns worked by adults for reference on long strips of linen to be rolled away.

By the 18th century they had

become squarer and shorter, with a border, verse and sometimes picture, and were clearly intended as a child's exercise to be displayed. Although the early 18th (and much rarer 17th) century samplers are still the most expensive and may contain examples of very fine needlework, to the non-expert collector, they lack instant appeal and have therefore not risen steeply in price. They can fetch between £4,000 and £6,000, which is not so far from the price they have long commanded.

But most people who buy samplers are looking less for an investment and more for something pretty to hang on their walls with a fascinating piece of history attached. "After all, few antiques bring you face to face with the person who made them and these were ordinary young girls, not professional artists. That's the appeal," Jarrett says.

She has just compiled an important exhibition of samplers which record the name of the institution or teacher under whose instruction the samplers were sewn and are therefore an important source of information about 19th century moral, religious and technical education. Much of this information is recorded on the needlework itself and occasionally a hand-written note on the reverse gives additional facts.

Although samplers became increasingly popular throughout the late 1970s and 1980s as a fashionable furnishing accessory, the latest boom is fuelled chiefly by the revival in the craft of needlework itself.

There are two large London fairs and a magazine devoted to the craft. Thousands of British women are buying kits or designing their own samplers and are starting to buy old ones, partly for inspiration and because they know how much time and effort must have gone into their making.

The American influence is also important. Prices paid for an American sampler with a well-documented provenance can reach almost £65,000.

It is possible to find an attractive 19th century sampler in good condition for about £300. But for anyone hoping to start a collection the advice is, as always, buy only what you like, examine the piece carefully before buying and learn as much as you can in advance.

There are several museums with collections, such as the Victoria and Albert in London, the Fitzwilliam in Cambridge, Strangers Hall Museum in Norwich, and Montacute House in Somerset.

Jarrett says there can be pitfalls to buying samplers at auction. "Sometimes, the long ones have been cut to fit a particular frame or the bottom part may have rotted, or sometimes a coloured pen or paint has been used to fill in the background if there is a hole. In the excitement at auction,

you may not notice these things."

In addition, many old samplers have been glued to old wooden boards and put in frames that are now breaking, allowing insects to enter and attack the fabric. A sampler bought from a reputable antique shop will probably have been cleaned if necessary, backed on to an acid-free board with unbleached backing fabric and reframed in an appropriate style using ultra-violet protective glass.

Taylor says it is not always necessary to take apart an old piece of needlework, remount and reframe, as cleaning can be destructive. "The most important thing is to examine the piece carefully and check not only the condition of the fabric but that the name and date are contemporary and in the same thread; sometimes an early date has been added later."

Buying a sampler with some worn patches or slight migration of dyes is not a disaster as long as the condition is reflected in the price. There are several textile restoration experts who can clean and con-

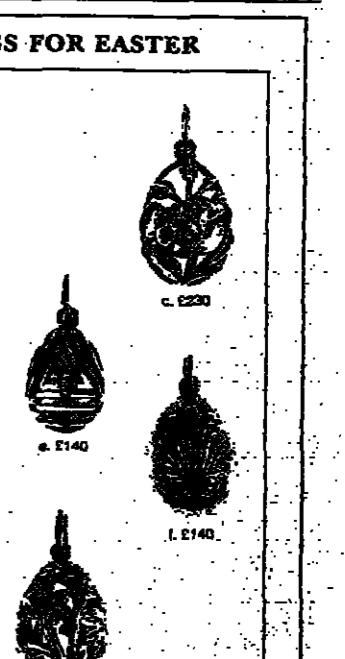
serve a damaged piece but this is a highly skilled process.

Jacqueline and Michael Hyman of the Textile Restoration Studio, 2 Talbot Road, Boudon, Cheshire WA14 3JD; Tel: 0161-928 0220.

■ For a list of other textile conservationists in the UK contact the Conservation Register of the Museums and Galleries Commission on 0171-233 4200.

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To

FASHION



Blue belted swingcoat in cotton and microfibre, £350, from Aquascutum, Regent Street, London W1. Navy crepe dress, £35, from selected Marks and Spencer branches. Belt by Otto Glanz, £16.95, bag by Osprey, £105, both from Fenwick, New Bond Street, London W1 and branches. Earrings, £65, by Wright and Teague from Jess James, Newburgh Street, W1.



Taupe modal/polyester microfibre swingcoat by Femmella, £275, from Liberty; de Gruy of Jersey; and Brown Thomas of Dublin. Cream acrylic twintail, £19.99 and £14.99, from Dorothy Perkins. Beige cotton Capri pants, £28, from Racing Green, Regent Street, W1 and Manchester; 01345-331177 for mail order. Silk scarf, £130, from Holland and Holland, Bruton Street, W1. Belt by Otto Glanz, from Fenwick. Gingham and plastic umbrella, to order from Erickson Beamon, Elizabeth Street, SW1.



Pink proofed cotton trenchcoat, £355; cream wool skirt, £140; both from Burberry, Regent Street, London W1; Haymarket, SW1; Edinburgh and Aberdeen. Pink cashmere sweater, £25, from Cashmere by Design, Neal Street, WC2 and Dickens & Jones, Regent Street, W1. Silk scarf by Cornelia James, about £22, from Fenwick, New Bond Street, W1. Sunglasses, £70 from Cutler and Gross, Knightsbridge Green, SW1; Joseph, Sloane Street, SW1 and Old Bond Street, W1; and Whistles branches.

It might as well rain until September

Grey skies no longer call for an old beige mac, writes Avril Groom. The latest styles in waterproofs mean no one minds inclement weather

With predictable scientific caution, no meteorologist will admit that northern Europe's run of mild wet winter is caused by global warming. Even this week's UN climate-change conference in Berlin regarded the reasons for rising temperatures as a subject of speculation.

Even if the greenhouse effect is proved, says the Meteorological Office, "we don't yet know if our weather will become drier or wetter".

The fashion business is not so coy. One wet year is a marketing opportunity, two a potential goldmine. Add advances in fabric technology and the return to a glamorous formality that begs to be topped off with a tightly-belted trenchcoat or a swirling swing-coat, and the rise of rainwear looks unstoppable.

This is long overdue. Most of us, of either sex, have lurking in the wardrobe a long shower-proof garment that has done functional duty for years whenever the weather looks inclement. As a classic it goes with everything and only needs replacing when it wears out, so rainwear has hardly been the most buoyant area of the market.

Now this is changing. Desirable raincoats featured in the spring collections of designers as diverse as Dolce & Gabbana and Dior, made of exotic fabrics such as plastic-coated organza and worn over little more than corsetry.

Clothing makers, whose business has been affected by the warm-winter syndrome, have been quick to spot a new opening. Femmella, one of the UK's leading wool-coat producers, has added a rainwear range of simple updated classics in a professed man-made, silk-like soft microfibre that drapes well.

Britain's largest rainwear maker, Four Seasons, has opted for a high fashion approach, from a belted trench coat in lightweight gingham nylon, through high-gloss PVC to a sporty, proofed cotton parka. Traditionalists such as Burberry and Aquascutum now include shorter styles, pastel shades and lighter, softer fabrics.

Having a raincoat as your only year-round outerwear defence is risky, as the recent late-March cold snap proved, although you might well get away with it in a long coat with a button-out lining, such as Holland and Holland's rugged but sleek rubberised cotton mac with loden lining costing £425, or Windsors' more urban style in soft apricot microfibre with fleece at £199.

Many people still find the most useful raincoat is a restyled, high-tech version of that long, neutral classic, available across the range from traditional trenchcoats and fly-front styles at Burberry, costing about £400, to Marks and Spencer's plain khaki microfibre priced at £99.

For those prepared to accept rainwear's fashion potential, the length this year is short and the accent is on fun. Even a traditional Burberry trench becomes a mite frivolous when made in pale pink proofed, brushed cotton. Yet it has surprising versatility.

Inspired by fashion's 1960s obsession, it goes equally with a pale suit or dress-and-jacket combination for a smart spring event under dubious skies, or with a twintail and Capri pants for casual weekend wear. The same applies to a full-backed, short swingcoat such as those from Aquascutum (with optional belt) or Femmella.

The real difference between such coats and the 40-year-old originals is in fabrics. Traditionalists may still prefer the wet and wind-proof texture of rubberised cotton, but plenty of customers at Aquascutum, Burberry and Austin Reed now want the softer, more portable yet water-repellent effect that modern coatings can give to lightweight cotton.

But the greatest advances, producing fabrics interesting enough to inspire top designers to create rainwear, have been in man-made fibres. These are mainly highly technical refinements of well-known and not-so-well-loved synthetic materials. After a bad press in the natural fibre-mad 1980s, they prefer to be known by new and scientific names. Instead of nylon and PVC, we have polyamide and polyurethane - the stars of a brave new mid-1990s fashion world of shine, stretch and transparency.

Textures are vastly better than in the early man-made

fibres. Microfibres produce a function and form is Prada's minimalist, short belted nylon style, at about £350 in black or white for both sexes and already spawning cheaper lookalikes. Metallic finishes

tactile silk satin and fine paper. But even more workaday varieties, such as that used for Walk's short belted coat (£99 at Fenwick) have a supple lightness unknown a few years ago. Colourful versions include Four Seasons' glossy mats in red, blue or green from £149, and Versus's metallic blue at £200.

If you want a raincoat with 1995's slightly hard-edged, shiny look but not necessarily a long-term wardrobe life, then this is the finish to go for. Polyurethane is waterproof (though the stitch-punctures mean it must be labelled "showerproof" unless it has

bonded seaming) but is not the warmest of fabrics.

It is fine for summer showers but the Met Office's conviction that our climate's variability will continue means you may need, come autumn, to consider investing in a coat - just



Beige polyester microfibre long trenchcoat by Four Seasons, £155, from Fenwick, New Bond Street, London W1 and branches, and House of Fraser stores. Wool-mix pinstripe jacket, £395, skirt, £125, both from Aquascutum. Wide belt by Otto Glanz, £24.95, from Fenwick. Patent bag by Degree, £140, 0171-431-2750 for stockists. Snakeskin shoes to order from Gina, Sloane Street, SW1.



Ivory, treated-cotton long coat, £155; tan check wool-mix jacket, £185; matching skirt, £55; all from branches of Austin Reed. Satin top by Windsors, £39.95, from Harrods, SW1; Selfridges, W1; Frasers of Glasgow; Dingles of Bournemouth and Kendals of Manchester. Belt by Otto Glanz, from Fenwick. Bag, £135, from Osprey, St Christopher's Place, W1. Gloves by Dents, £45, from department stores.



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The lira is falling and suddenly it's spring

Why Impruneta's terracotta has been celebrated for centuries

The rosemary has been in dark blue flower; sunlight is falling on pure white magnolias; there is a particular vividness to yellow forsythia; the lira is falling magnificently and spring is yours for the stealing in the streets of Florence.

White anemones have run in self-sown carpets through the beds of the old Boboli gardens. There will soon be flowers on the yellow Bankian roses, softening the Pitti and the sadness of the great formal plan of the Palazzo which is nowadays managed in civic Italian style.

The seasonal crowds are already swarming in the colonnades of the Uffizi Gallery and the painted cells of the Dominican friars of San Marco. Few tourists walk north-eastwards for three minutes beyond the Convent to Florence's Botanic Garden which is open on Monday and Friday mornings.

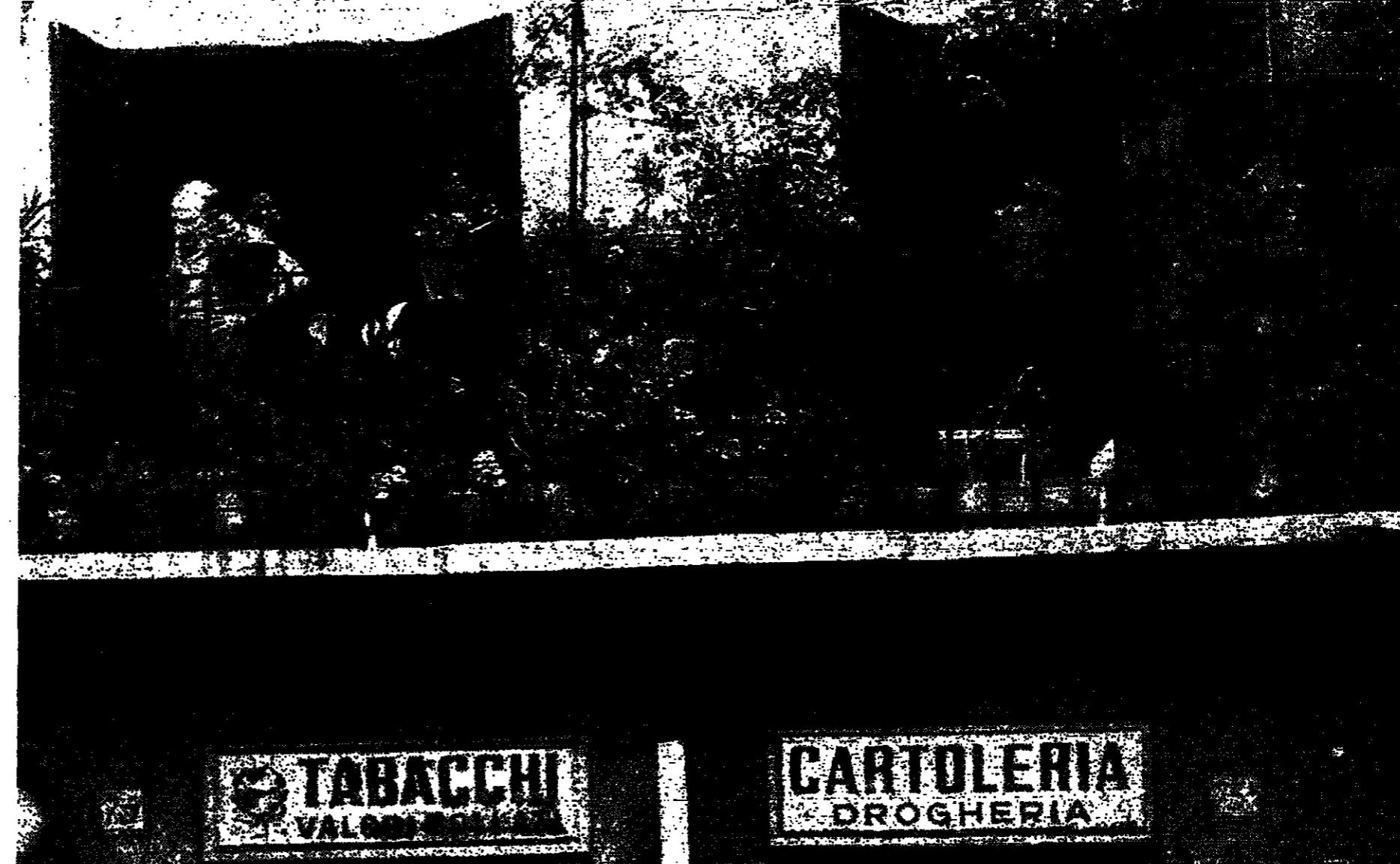
In spring it has its charms without general distinction. Some of its trees are excellent and one of its Cork Oaks is stupendous, waiting for one of Angelico's angels to run from the tourists and reappear. The path leads on to La Montagnola, Italian, I find, for a miniature hump on the model of my English college's Mound. White-flowered bulbous Ipheion has seeded freely in the formal beds as they never do in mine. It is always a pleasure to see a mature Swamp Cypress, flourish-

ing away from watery soil which, books still allege, that it needs. In the elegant greenhouse, I reviewed the sub-tropical plants, identified almost none and was then diverted by the terracotta pots. There is nothing mean about them, neither their thickness nor their use. The garden never uses one big terracotta where two would do, standing one on top of another upturned. London prices flashed through my mind along with the one word, Impruneta.

Ten miles from Florence, Impruneta's terracotta has been celebrated for centuries. From its main church, an image of the Virgin used to process into Florence at times of crisis or when the Medici were reshuffling their control. In the hills behind, there are the clay pits of modeller's dreams, leased nowadays to independent potters who make roof-tiles, flower pots and boxes for modern patios.

In my garden, I have two huge Imprunetas, large terracotta pots which were brought from Italy 20 years ago by a famous lady gardener. She later sold them to me, her tenant. Their floral swag has fallen away with age, but they bear Impruneta's imprimatur. For 20 years, I have imagined their birthplace: the pots in Florence's botanic garden sadden me, and I have just retracted the Virgin's steps to Impruneta's main square.

The town has manifest terracotta



Pots about terracotta: an Italian balcony

quality. There are rectangular terracotta boxes or terracotta balustrades, terracotta tiles and orange pots in otherwise charmless modern gardens.

There are huge terracotta pots in the cathedral's colonnade, of a size which would make Chelsea gardeners commit ceramic sinomy. Various factories advertise their stock. But the best road for gardeners runs right-handed from the square as they face the cathedral and curves upwards into the hills.

On the Via delle Fornaci, notable

mimosa scents the road; blue-jacketed workmen have been trimming the olives-branches and, at number 57, the Masini brothers have shown hand-made terracotta for nearly 60 years.

The thickness of the pots renders them frost-proof even in England. They can still cast a cherub or model a swag of flowers with a daintier echo of a Raphael fresco. There are cheaper alternatives in Tuscany, but nothing comparable for quality and price. I coveted the biggest, decorated urns, more than a

metre wide and 1.25m each (about £350). The Masini issue no price list, but they carry every shape and quote in their heads. For £30 you can buy a small pot or a handsome oblong box. Shapes and prices will suit most pockets, but not every car boot. Urns just under a metre wide can be had for less than £40.

Beneath a roof of terracotta tiling, the next batch of pots sit grey and sleek, awaiting the oven. Many now go off to Germany; a few find their way to Russell's garden centre in London's Earl's Court. But the

place to see them is in their own home yard, piled around their low headquarters through which the light falls obligingly on potters at work. Here, in the 1950s, someone had cast my two Imprunetas and, if only I could trust my memory, no doubt they would have cast the missing part of the swag. A rounded hemisphere at less than £60 would have been tempting, except on the aircraft back home. Tuscan visitors and pot-watchers can have it instead.

In the cathedral, the Virgin has

retired behind a dark curtain, yashmacked during Lent. I paid my respects to her rebuilt sanctuary, restored after bombing in 1944, and I decided that there was only one further reason for averting her eyes. Impruneta has the most wonderful pottery but, in spring, its gardeners do not know what to put in it. Only in modern Italy, would people think of filling it with leather, pink begonias. When the Virgin comes out from behind her curtain, I cannot help wishing that Madonna likes might greet her instead.

Dominic Serres/Corbis

Fishing / Tom Fort

The cycle of denial and indulgence

stopped thinking about going fishing; which is very bad indeed.

Then, one morning, the urge emerged from dormancy. The sun was shining benignly, rather than as a fitful gleam between downpours, and I realised that it had not rained properly for three days.

It was March 11, and it was the last day I could fish before the season ended on the 14th. I dug some worms, grabbed my cobwebbed, neglected rod, and hastened to the river.

The immediate environs were still extremely squeaky, and there were ducks where no ducks ought to have been. But the water "although high and hurrying" was no longer the colour of lentil soup. I had hopes; not great ones, for I had no more than a couple of hours at my disposal. But I thought I should get something, and it was grand to be out with sun warm on my back.

For a time I wandered here and there, looking for quiet holes to explore with my float

and worm. However, the weight of water and insistence of the current meant that even the quiet spots were not quiet enough. Eventually I came to a big eddy at the side of the weirpool, where I had caught a good fish.

And then I glanced at my watch, and it was time to go. The moments had been so fleeting, but I felt no regret. I was simply glad to have been out, and reminded of what I had been missing, and of what would again be available to me in three months, when the coarse fishing season reopened.

By this roundabout route, I have arrived at my thesis. The close season "that sacred period of inaction which lasts from March 15 to June 15" is under assault. The National Rivers Authority has decreed that on lakes and ponds, fishing can continue all the year round, if the owner so wishes. Thus far rivers and canals are unaffected by the change, although there is strong pressure for the free-for-all to be extended to all waters.

Then the crimson tip arrowed down, and a fat, sil-

ver, sunlit chub was pulled protesting to the bank. And he having been let go, and the float set on its way again, down it plumped in the same place, and another chub a good fish came to the net.

And then I glanced at my watch, and it was time to go. The moments had been so fleeting, but I felt no regret. I was simply glad to have been out, and reminded of what I had been missing, and of what would again be available to me in three months, when the coarse fishing season reopened.

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The rationale behind the close season was that it enabled fish to spawn in peace. As it has now been established that different species all spawn at different times, and that the process is unaffected by the attentions of anglers, the argument in favour of deregulation is, in logical terms, unanswerable.

My argument against it is therefore based on nostalgia, sentiment, and a chronic distaste for unnecessary change. When I was a lad, I used to pass the three-month moratorium in an agony of impatience. The week or so before the off were spent in a frenzy of preparation. Rods were cleaned, reels oiled, worms dug, the tackle shop visited and revisited, the chosen spot made ready with loving care.

At last, the great day would dawn and, in the darkness across the land, beside the rivers, lakes and canals, the army of coarse anglers would cast forth their baits.

Usually it was raining, and usually we caught nothing. But that did not matter in the least. What mattered was the ritual had been observed. The longing, the hunger had been sharpened by that enforced abstinence; and thus was the time of fulfilment enhanced a thousandfold. It would, in my view, be a damned shame if that harmonious cycle of denial and indulgence were destroyed.

Imports, which have risen since EU entry, are more than 800,000 tonnes a year, compared to Spain's own 1.4m tonne catch.

The catch has not increased since 1970, after the growth that came with the introduction of frozen trawlers. Vigo was once the biggest centre for Atlantic cod-fishing using pairs of trawlers. But Spain's cod fleet has shrunk from 40 boats to 26. "They threw us out, too," says a veteran of the Newfoundland cod boats. "Well, they were their waters."

In the last four years, Spain has reduced the tonnage of its fleet by 18 per cent or 120,000 tonnes, the equivalent of the entire Danish fishing fleet, says Loira. EU targets set for 1996 have already been met.

The Vigo-based long-distance freezer trawler fleet is down to 110 vessels, from 200 in 1991, the boats scrapped, sold or transferred to joint ventures in Latin American, African or other countries. More cuts are to come. Vigo trawler owners know that no possible deal with Canada would enable 36 trawlers to keep fishing year round off Newfoundland. Trawlers say that only by fishing every day can they earn their pay of about £750 a month.

Maria Fernandez was waiting for her husband to return with the Esso. "This is a very hard life we lead," she said.

Ski touring / Ian Rodger

Head for the hills in the old style

One of the great oddities of downhill skiing is that most enthusiasts are packing away their equipment just as one of the most enjoyable parts of the season arrives.

This is the time for ski touring, when skiing becomes like mountain hiking. You climb a hill in the morning and have a picnic in the sun on the peak. But unlike hiking, you do not have to climb down again. You ski to the bottom in butter-smooth snow just before the spring sun turns it into soup, saving the rest of the day for lounging about.

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Instead of crowds of pushy show-offs, you are surrounded by silence and perhaps an occasional hare or chamois.

When you do meet other skiers, they are invariably friendly and patient, delighted to know that you, too, are enjoying a bracing day in the mountains.

And when you turn your skis downhill, fear not. There are no style contests on these hills. Most tourers are rough-and-ready intermediate skiers, skidding around on their heels with their legs wide apart, but having a wonderful time. As with hiking, the point is to have an invigorating outing, not to show off your technical rhythm of your own footstep.

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Touring is the way everyone skied before there were lifts. I remember as a child in the Canadian Rockies having to tie crude "skins", as they are called, to my skis and unhook my boot-binding cables from the clips on the sides of the skis so I could lift my heels while climbing.

Today, the technology is more sophisticated. Skins come with a sticky backing and need only be pressed to the base of the ski.

Special touring bindings can be adjusted easily to let the heel rise freely while climbing and crampons can be attached to them for climbing over icy patches.

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FOOD AND DRINK

The trouble with Chile," mused a long-serving wine-exporter to me one evening in Santiago, "is that it does not have an image. Is it Hispanic; is it American; is it third world; is it new world? I mean, London taxi drivers ask me if I have to carry a gun because of our drugs problem, for heaven's sake."

The one world in which Chile does have a very strong identity, however, is the wine world. Anyone who has learnt about wine has been taught that Chile is unique in that it has never been bothered by phylloxera, the vine-root-munching louse that threatened to wipe out the world's wine industry in the late 19th century and is now ravaging vineyards as distant as northern California, New Zealand and Greece.

Chilean vines, we learn, do not have to be grafted onto phylloxera-resistant rootstocks – unlike practically all those in Europe. They can be planted, much more cheaply, on their own roots straight into the soil. For years this has been Chilean wine's unique selling proposition.

The vines may not all be behaving themselves but take advantage of the wines, writes Jancis Robinson

I heard a tour guide at one of the country's few wineries to welcome visitors repeating religiously the virtues of being isolated by the desert to the north, the Antarctic to the south, the Pacific to the west and the Andes to the east.

Yet any Chilean expert in vine-growing admits that it is inconceivable that the louse has never, in Chile's four centuries of vine-growing, entered the country.

Some of these tiny pests must have crossed the Andes or plants in the last century (before strict quarantines were introduced). And more recently, everyone knows someone who has smuggled vine cuttings from a phylloxera zone into the country to combat Chile's shortage of many premium varieties. There must be something about Chile's particularly dry, sandy soils that is hostile to this dreaded vine pest.

Nowadays, however, any well-informed Chilean wine-grower admits that what the wine industry needs is rootstocks. They may not be needed to combat phylloxera, but specially-chosen, de-energizing rootstocks would help enormously to combat the excessive leafiness of the vines grown in the fertile, often over-irrigated soils of Chile's Central Valley. Too much of the pure, Chilean sunlight is currently deflected into sprouting leaves rather than ripening grapes.

Then there are the nematodes, the soil pests that plague parts of Chile. Specially designed rootstocks could wage a good fight against them.

The only problem is the time-consuming quarantine and the extra costs of grafting vines rather than sticking them straight into the soil. The viticulturists working for large



companies will have to convince their bosses that the costs and delay are worthwhile.

But all this is fine-tuning. Chile has some great raw materials: dependable sunshine, almost unlimited water for irrigation, the more dubious asset of cheap labour, and vast tracts of the vine varieties the

world wants to buy. For decades this meant Cabernet Sauvignon but now extends to large quantities of Chardonnay, a much higher proportion of Sauvignon Blanc (as opposed to the Sauvignon Vert that dominated plantings until recently), increasing areas of Merlot, Pinot Noir and other desirables, and masses of undervalued Semillon. (Although look out this summer for Canepa's oak-aged 1994 at £3.99 Good value even at £3.99.)

Santa Monica Riesling 1994, £4.99, Victoria Wine. Astonishingly inexpensive half-bottles of Carmen's delicious sweet Semillon from Oddbins.)

For the moment, while such nice-ness as drip-irrigation and rootstocks are yet to be factored into selling prices, Chilean wine is relatively inexpensive. Oddbins has the most comprehensive selection of bargains by far, but all in the list below are worthwhile (1994 was an

excellent vintage).

■ WHITES: San Pedro Sauvignon Blanc 1994, £3.49, Morrisons; £3.95, Robertson's of London Wines (£3.99 Marks and Spencer's own label). Made by the itinerant Frenchman Jacques Lurton, who has brought more than a suggestion of Ch Bonnet of Entre-Deux-Mers to Curico. Good value even at £3.99.

Santa Monica Riesling 1994, £4.99, Victoria Wine. Juicy, inky carmine stuff, deliberately made almost like a white wine to capture the fruit.

from a family winery's old vines. Enough to give Malbec, the Cahors vine, a good name.

Cono Sur Pinot Noir 1993, £4.59, Safeway. A juicy old favourite. Oddbins has the 1994.

Errazuriz Merlot 1994, £4.99, Oddbins. Pux pleasure or, to put it another way: gobs of fruit.

Montes Alpha Cabernet Sauvignon 1990, £7.99, Oddbins and bigger branches of Tesco. One of the most successful top-of-the-range bottlings.

Inspiration at the heart of organisation

A restaurant group can only benefit when its chefs meet to share ideas. Nicholas Lander joined them

Even before "quality management" became the preoccupation of the 1990s' manager it had been practised by chefs and restaurateurs.

At its most basic, and perhaps most effective, the head chef walks the kitchens smelling and tasting the sauces shortly before they are to be served. At the other extreme are the 15,000 branches of McDonald's that serve hamburgers to the same standard in 79 countries around the world. A triumph of organisation over inspiration.

In between is a growing number of restaurant groups serving different types of food in often disparate locations. Many of these are now publicly quoted companies – Groupe Chez Gérard, the Pelican Group and Pizza Express – so that to the delicate balance of pleasing the customer and maintaining margins must be added the discipline of satisfying shareholders.

Such companies adopt strong management controls to ensure quality. These include frequent site visits from head-office personnel, centralised menu planning and purchasing, comment cards, mystery dinner programmes and advanced cash management

Customers have to be pleased and the company's shareholders satisfied

systems. But this approach, however professional, is no good if the food fails to tempt. So, one evening last week, when the last customer left Heals' Café in the West End of London, I found myself in the company of a dozen head chefs tasting more than 20 cakes and tarts.

The chef's work for Digby Trout, whose culinary empire incorporates a turnover of

needed to exchange more than pieces of paper. If we're continually to be improving what we offer our customers, then it is my job to bring our chefs together every six weeks or so and get them to exchange ideas, recipes and costings.

"We started with quiches and we've put chocolate brownies, lamb stews, breads, and many other dishes to the test. After our quiche tasting, for instance, we all realised that the deeper they are, the better they taste. But it was after the mayonnaise-tasting – more punishment than pleasure – that I decided to hold the tasting on a theme rather than a particular dish. So tonight we are tasting cakes and tarts."

The chefs were already peering to see what had been made. They had given up their free time to take part in this open competition and, as the first tart was sliced, its chef explained the recipe, its origins, costings and how it sells.

A trip to the Alps had provided the inspiration for a delicate pear frangipane tart, on sale at Heals' Café, but soon to be found on Trout's other restaurant menus as a result of the tasting.

"Today, price is terribly important," Trout explained, "not just the difference, "T"realised some time ago," Trout explained, "that we

needed to exchange more than pieces of paper. If we're continually to be improving what we offer our customers, then it is my job to bring our chefs together every six weeks or so and get them to exchange ideas, recipes and costings.



Fingers in the pie: chefs from Digby Trout's culinary empire examine each others' work at one of their regular meetings to compare notes and recipes

Antony Ashworth

Cookery / Philippa Davenport

Zest for spring

Lemon gives grace and flavour to dishes for Eastertide

The lemon tree, like the bitter orange, will not fruit in British gardens. Yet we use these citrus fruits so much that we have come to regard them almost as our own. The day bodes ill if marmalade is absent from the breakfast table; no cook feels safe without lemons in the kitchen.

The joy of the lemon lies in its acid bite and zesty fragrance, qualities that have earned it the nickname Dr Seuss. The lemon is indeed one of nature's improvers, an unerring adjuster of flavours, often far more effective than salt, sugar, pepper or alcohol in providing the precise and enlivening finishing touch.

The Rev Sidney Smith, that amiable gastronome and wit, when banished in 1809 to a parish in the wilds of Yorkshire described himself dispairingly as "12 miles from the nearest lemon".

Provincial cooks without easy access to the civilising lemon relied instead on sorrel. Even now, little green sorrel leaves with their invigorating lemon sharpness are welcomed as heralds of spring in rural areas.

Sorrel is brilliant in savoury dishes. It makes excellent soups; and it is delicious when melted to a buttery khaki pudding – to use as a sauce for plainly cooked chicken or fish, to beat into potato purée, or to fashion into a nest for poached or soft-boiled eggs, piled on generous rounds of not-too-neat-and-nancy fried bread.

If the weather is bitter, Sussex Pond Pudding will cause rejoicing in the main, though

most people today want proper puddings but something that will not lie reproachfully on the stomach all afternoon.

If the weather is set fair, that old nursery favourite Lemon Honeycomb Mould might make a fine choice. Ever popular for cooler days is Lemon Surprise Pudding, with its pool of warm lemon custard under a dome of lemon sponge.

Here are two other suggestions, lesser known but no less appealing.

BELVOIR LEMON PUDDING (serves 4)

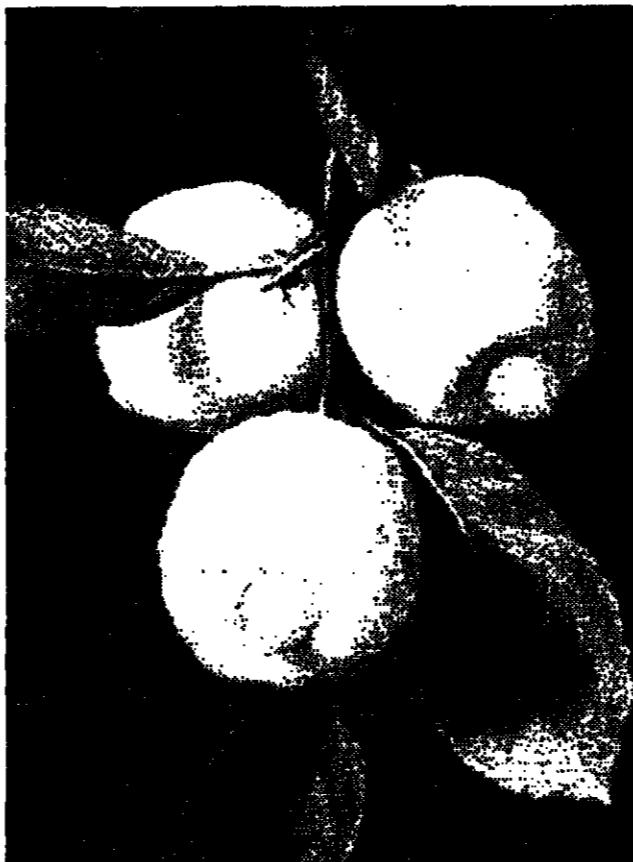
This is a remarkably light and elegant steamed pudding with lovely lemon-curd flavour. It comes from Constance Spry, with adaptations. I find longer cooking, more breadcrumbs and less lemon juice than she prescribes are necessary to release it from the mould satisfactorily. Curiously – and happily – this does not seem to detract from its lemoniness.

Maybe the lemons she used were much smaller and less juicy than we can buy now.

Cream ½lb softened butter in a bowl that has been rinsed out with boiling water. Beat in ¼lb vanilla sugar and the finely grated zest of two lemons. When the mixture is light and fluffy, work in the yolks of 2 size-3 eggs.

Next beat in 4oz fine fresh breadcrumbs mixed with ½ teaspoon baking powder. Then beat in 2-2½ fl oz lemon juice or as needed. Stop before the mixture becomes wet. Or if you add too much lemon juice, beat in extra crumbs to mop up the liquid.

Turn the mixture into a well-buttered 1½pt pudding basin. Cover with buttered and



Detail from Still Life with Game Fowl, Fruit and Vegetables by Juan Sánchez Cotán

National Gallery, on loan from Museo del Prado, Madrid

pleated greaseproof paper and foil. Tie down and steam for 1 hour, topping up the pan with boiling water as necessary.

Turn the steamed pudding on to a hot serving dish. Either serve it as it is with pouring cream; or – and this is more unusual and guaranteed to appeal to children and anyone else with a sweet tooth – finish the pudding as Constance Spry recommends:

Whisk the whites of 2 size-3 eggs, gradually beating in 3oz castor sugar to make a meringue-like mixture. Fold in one sharpish, peeled and finely diced dessert apple. Spoon the mixture in dollops round the turned-out pudding and slip it into an oven pre-heated to 400°F (200°C) gas mark 6 for 35 minutes until the almond topping is puffed up, golden and set.

Cool for a minimum of 45 minutes before serving so the tart is no more than tepid when you eat it. Or serve the pudding cold, when, arguably, it is even better.

425°F (200-220°C) gas mark 6-7 for 3 minutes or so until the meringue is hot, just set and swirled with streaks of gold.

LANCASTRIAN LEMON CURD TART (serves 8)

If you are cooking for larger numbers and favour puddings that can be completely prepared ahead, this recipe may suit you better. It is based on a pie I enjoyed tucking into near Morecambe in the late 1960s after an unrestrained feast of little brown shrimps and hot pot of lamb.

Make 6-8oz shortcrust pastry, preferably using a mixture of white and wholemeal flour. Use the pastry to line a shallow 10in fluted flan tin with removable base.

Blind bake it completely and let the pastry case become cold. Then spread the base with 8-10oz lemon curd – home-made not shop bought is essential for the sake of good texture and agreeably sharp flavour.

Dice ½lb unsalted butter and barely melt it in a small saucepan over low heat. Away from the stove, stir in ½lb castor or vanilla sugar, then ½lb ground almonds.

Home-ground almonds are a great improvement on ready-ground; and flaked almonds are easiest to grind. Pulverise them in batches using the mini inner bowl of a food processor, or, preferably, an electric spice or coffee mill.

Finally, beat in two size-3 eggs mixed with the finely grated zest of a lemon and 2 teaspoons of lemon juice. Pour the almond amalgam carefully over the lemon curd. Slip the flan tin on to a pre-heated baking tray and bake at 400°F (200°C) gas mark 6 for 35 minutes until the almond topping is puffed up, golden and set.

Cool for a minimum of 45 minutes before serving so the tart is no more than tepid when you eat it. Or serve the pudding cold, when, arguably, it is even better.

The chefs left the tasting with a thick folder of recipes and costings that Trout was confident would give them inspiration far more effectively than memos from head office or menus from a central kitchen.

He had bought the red-skinned Asda and produced a stunning-looking tart (particularly attractive because he had kept the skins on) for a tangy lemon fudge tart from Marina Cobra, the Brazilian chef at the Science Museum.

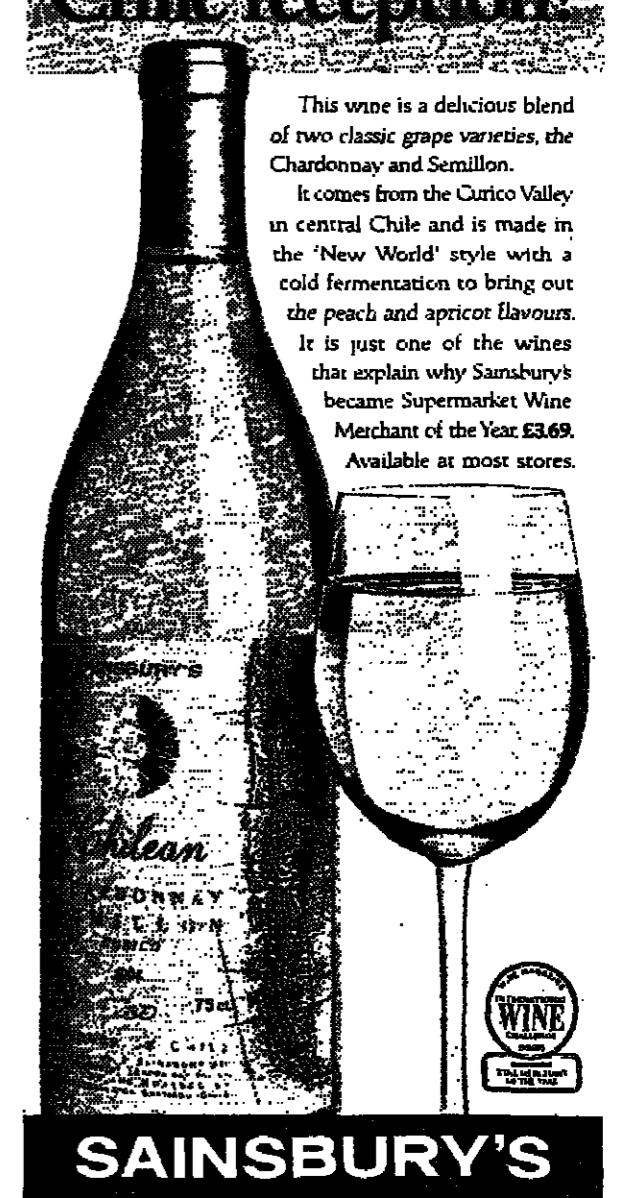
Here is her recipe:

MARINA COBRA'S LEMON FUDGE TART

Pastry: 450g plain flour, 200g butter, 100g sugar. Filling: zest of 2 lemons and juice of 3 lemons, 250g castor sugar, 450ml double cream, 50g melted butter, 4 eggs, whisked.

Method: Bake the pastry blind. Mix the filling, adding to the melted butter the zest and juice of the lemons, sugar, the eggs and the cream. Pour into the pastry case and bake for 30 minutes at 180°C (350°F).

Perfect for a chic reception?



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BOOKS

One of the more egregiously stupid acts of any western government in the 20th century was the Eighteenth Amendment to the Constitution of the United States, passed in 1920. It banned the manufacture, transport, sale and consumption of alcohol throughout the US.

Prohibition remained in force for 13 years, and its chief effect was to promote organised crime on an enormous scale, reducing many cities to anarchy with corruption-ridden police forces allowing murder, open gang warfare, smuggling, bribery and blackmail to flourish like a plague of hells. Far from extirpating alcohol use, it made it more enticing.

The consequences of the puritanical madness that created Prohibition should have taught us all some profound lessons. But alas, human-

A.C. Grayling reviews two books which argue for common sense, hygiene, safety and legalised brothels.

kind seems too dimwitted to grasp them. Prohibition continues in other guises: principally, as criminalisation of drugs, pornography and prostitution.

This is an infallible way not only of making such things flourish, but in the sleaziest, nastiest, ugliest manner: in dark corners, controlled by violent thugs. Drugs and pornography constitute another story (many would be surprised at how marginal and unimportant both become when legalised, as the experience of our more enlightened European partners shows). The two books here under review concentrate on the third question - prosti-

tution - each arguing for the same conclusion: that prostitution, and in particular brothels, should be completely legalised.

Although the conclusion reached by both books is plain common sense, their respective routes to it are very different. Richard Goodall, in spite of coming across as a curmudgeonly old lawyer with some extremely antiquated views about women and life in general, marshals a strong case for a sane approach to sexuality and prostitution. He considers the evidence from a number of countries, weighs it in systematic, forensic style, and draws the sensible inferences. In

plain good sense of Edinburgh in allowing prostitution to take itself off the streets into the safer and more sanitary convenience of saloons. That, he cogently argues, is an example the rest of the kingdom would do well to follow.

Dave Mullins is an Irish journalist. His book tells the tale of a famous Dublin brothel, the Kasha, which flourished in the 1980s until the suicide of one of its clients prompted a police raid and subsequent court case, whereupon it was closed. Most of the girls who worked there are now back on the streets, in circumstances more dangerous and less healthy than when

they had the companionship and mutual support of their Kasha days.

Mullins's chief aim is to put the case for legalised brothels, and to complain - with perfect justice - that whereas it was the girls who suffered legal persecution, their clients, many of them (according to Mullins and his ex-Kasha interviewees) leading figures in the political, commercial, judicial and ecclesiastical life of Dublin, escaped unscathed. He names no names, but goes into prurient detail concerning what these ladies - a familiar list, complete with judges in fishnet stockings

and cabinet ministers in search of a whipping - purchased at the Kasha.

Goodall's conservative instincts and Mullins's tabloid relish at human frailty obtrude upon the arguments they offer, but the points they make are good ones. Prostitution serves many needs and performs a useful social function.

People in the sex industry are surely entitled to work in safety and good conditions. The pimp-ran, cold, inner-city streets where used condoms litter the gutters among heroin needles, constitute an appalling daily reminder that ours is a society which cannot face up to simple truths and do the tolerant, sensible thing in response.

Who among our legislators will have the courage to answer these calls of reason, and do something about it?

Cultural divide writ large

Iain Finlayson on a 'special relationship'

In view of current anxious appraisals of the political "special relationship" between the UK and the US, Malcolm Bradbury's overview of the literary and cultural transatlantic relationship is timely. But it would always be timely - the bonds of a common language are constantly subverted by divergent idioms and attitudes, and there is always occasion for examining the balance of the literary and cultural trade of two centuries.

There have been previous studies, but Bradbury's book is the most magisterial and comprehensive to date. It is rich and racy, brilliantly organised to illuminate contrasts, and emphasise continuities.

Bradbury has an enviable knack for surging the zeitgeist. From the high ground of the New World of post-modernism, he surveys the Old World of mere modernism and persuades us that the cultural landscape can be definitively mapped.

DANGEROUS PILGRIMAGES: MYTHOLOGIES & THE NOVEL
by Malcolm Bradbury
Secker & Warburg £30, 515 pages

He usefully points up the essential difference: American writers take themselves and their literary culture seriously, whereas the British, from Dickens to Waugh, have always found Americans irresistibly comic. At some deep level of the national British cultural consciousness, the very seriousness of Americans and their culture (sometimes diagnosed as a lack of irony) offends the British who, perhaps because dandyism is a significant element in our prose (Wilde, Firthbank, Waugh and their like), are irritated as a whimsical Oxbridge don might be pained by a pedantic Rhodes scholar.

Bradbury also challenges the Anglo-centric assumption that assumes a common language implies a common cultural perception. America's special literary relationship, he says, is not so much with the British as with the French. The high seriousness of the French has more in common with the deep seriousness of the Americans than the lazier genius of the British.

"In France, more than in most countries, American myths and dreams had a certain abstract essence, an element of symbolic fantasy that preceded any actual arrival." Bradbury asserts that Chateaubriand's *Atala*, with its companion piece, *Rena*, constitutes the first American novel. Crevecoeur's *Letters from an American Farmer*, first published in Britain in 1785, in fact described a French experience of the New World that Coleridge,



Next week marks the 50th anniversary of the liberation of Belsen and coincides with the publication of "In the Camps" (Norton £25, 111 pages), Erich Hartmann's haunting photographic study of 22 Nazi concentration camps as they are today: empty, silent reminders of the horrors of the past

Dostoevsky's fruitful pact with the devil

In 1865 Dostoevsky, aged 44, was a starving, broke widower living in fear of the debtor's prison, denied any meals at his boarding house, and compulsively gambling on the roulette table the few modest loans with which his friends tried to help him.

In desperation, he signed a contract for 3,000 roubles with an unscrupulous publisher called Stellovsky, whose penalty clause, should Dostoevsky fail to deliver a novel in a year, was that Stellovsky gained the rights to all his works, published and unpublished, for the next nine years, thus depriving the writer of his only source of income.

It is with this typically Dostoevskian pact with the devil that volume four of Professor Joseph Frank's masterly biography opens.

Dostoevsky: The Miraculous Years, the penultimate volume in the great biographical endeavour which Frank began in the 1980s, is the most significant and exciting in the series. In six harrowing, frenzied years, from 1865-71, Dostoevsky produced almost all the work which made his name: *Crime and Punishment*, *The Idiot*, *The Devils* and *The Gambler*. In this time he cast about for a new wife, then remarried, became destitute, went into exile, and returned a philosopher-prophet

whose every word on Russian politics was awaited with awe.

"Anyone who seeks a conventional biography will be sorely disappointed," Frank wrote in volume one. "I do not go from the life to the work, rather the other way round. My purpose is to interpret Dostoevsky's art." The background to that art, in its ghoulish moral intensity and fanatical idealism so alien to the English tradition, is what Frank brings glowingly to life. Fixing by turns on Dostoevsky's shambolic personal life and on the social and cultural movements of the 1860s, he paints at once a panorama of Russian history and an intimate picture of the development of a brilliant, tortured mind.

With a month to go before his deadline expired in 1866 and not a word on the page, Dostoevsky confessed the details of his perilous contract to a friend. A young female stenographer was found whose calm efficiency acted like a tranquilliser on the author. Never having written in this way before, he dictated *The Gambler* to her in three weeks, had the work banned and deposited at a lawyer's office with two hours to spare, and liked the new method of composition so much that he employed her to help finish *Crime and Punishment*. Within a few

months they were married: she was 21, he was 45.

Crime and Punishment was a blockbuster success which hit the public mood. A few days before it appeared, the newspapers were full of a midlist student who had committed a murder uncannily similar to Raskolnikov's in the novel, and the dangers of the new nihilistic philosophy was on everyone's lips. Dostoevsky, who liked to compare his own "fantastic realism" with the

DOSTOEVSKY: THE MIRACULOUS YEARS
1865-1871
by Joseph Frank
Rabkin Books £27.95, 532 pages

"gentry-landowner literature" of his rivals Tolstoy and Turgenev, was thrilled, though the book's popularity barely helped his finances, as he had sold the serial rights far too cheaply in his hour of need. Fleeting to his creditors, he and his wife Anne went to live in Germany.

Anne was gentle and sympathetic, and she needed to be. Her husband's working hours were 10pm to 6am. He slept in the morning, read newspapers in a café in the afternoon, gambled in the evening, and had frequent epileptic fits.

She seemed to believe that her faith was to nurture genius. She pawned her jewels and her coat to fund Dostoevsky's roulette habit, soothed him during his rages, and provided the emotional peace of mind he needed to lose himself in his turbulent and agonised masterpieces.

As Frank says, for psychological mastery of acute moral conflict, *Crime and Punishment* "has no equal this side of Macbeth". He traces his roots back to Dostoevsky's time as a political prisoner in Siberia; all Dostoevsky's work is haunted by his trial, when he was taken out for a mock execution and believed for 20 minutes that he was about to be shot.

In *The Devils*, Dostoevsky's vision of nihilism as the looming spectre of moral-social disintegration, an alien European import infecting the Russian psyche, is dramatised into a terrifying, contemporary morality play. Frank follows the book's battle with the censor, elucidates its philosophical context, but also grounds the black character Stavrogin, his crimes and his suicide, in an incident from Dostoevsky's childhood, when a nine-year-old playmate, daughter of the coachman at his father's hospital, was raped and subsequently died.

Frank produces new evidence,

from a recent memoir, for Dostoevsky's pathological obsession with child violation - a scene in most of his books. "To take away faith in the beauty of love... is the most terrible crime... All my life," Dostoevsky once tremblingly told a spellbound party at dinner, "this memory has haunted me as the most frightful crime, the most terrible sin, for which there is not, and cannot be, any forgiveness, and I punished Stavrogin in *The Devils* with this very same terrible crime."

Robert Louis Stevenson called *Crime and Punishment* "the greatest book I have read in 10 years". Henry James could not finish it: "All I can say is, it nearly finished me. It was like having an illness." Reading Frank's account of Dostoevsky's inner life is sometimes as chilling and hallucinatory as reading Dostoevsky; it is also exhilarating and endlessly fascinating.

Most authors find the biographer they deserve. Frank is morally unflinching, serious, ample, unimperial, determined to get to the truth at the cost of the sensational or the easy solution. *Dostoevsky: The Miraculous Years* joins the first three volumes of this biography as a work of rare artistry.

Jackie Wullschlager

The infinite variety of the thriller, that peculiar sub-branch of fiction, has been illustrated again this season. Here are two contrasting examples, perhaps for Easter reading.

The Final Cut (HarperCollins £14.99, 378 pages) is the third and final instalment of Michael Dobbs's mischievous and horribly convincing fiction of life at Westminster. Francis Urquhart, immortalised in Ian Richardson's TV portrayal (and *The Final Cut* will be coming to your screen later this year), is determined to become the longest-running prime minister of modern times. He is as unscrupulous a villain as ever - or, perhaps he has softened.

He hangs on to power, reluctant

Thrillers / J.D.F. Jones

More mischief in Westminster

to retire into nothingness, but it is patently the end of an era; he is failing, his prostate is playing up, he no longer polishes off The Times crossword at breakfast, he begins to realise "the gnawing dread that F.U. the Politician had been constructed on the ruins of F.U. the Man..."

"F.U.", as he is rather surprisingly addressed by his cabinet colleagues, decided to exploit the communal rift in Cyprus, where he has

brokered a settlement between Greeks and Turks, in order to pitch for a dangerous electoral victory - dangerous because, as a second lieutenant in Cyprus in 1955, he was personally involved in an episode which must not be resurrected.

Stir into that, in no particular order: a scoundrel Greek Orthodox bishop; the discovery of offshore oil; the kidnapping of the British High Commissioner; a statue of the Blessed Margaret at the back of

Number 10; a "youthful and ineffectual Leader of the Opposition" who had a tendency to appear as a schoolboy attempting to be gratuitously rude to his long-suffering headmaster; and a pro-European, ex-Estonian foreign secretary with an undiplomatic interest in Cyprus ("until he met Maria he hadn't been quite sure where his loins were, now they seemed to be everywhere...")

It is fine fun, though utterly pre-

posterous. And it is surely extraordinary that the deputy chairman of the Conservative party, even while wearing another hat as novelist, should demonstrate so extremely cynical a view of the political process.

* Maurice Gee's *Crime Story* (Faber, £14.99, 272 pages) is in extreme contrast and is not in fact a thriller except insofar as its subjects are murder and fraud. Gee is a fine and

respected award-winning novelist in New Zealand and the Antipodean country he describes is a far cry from Bernard Levin's recent poems in *The Times*. The central character is a petty thief, Rosser, who, disturbed at his trade in an affluent district of Wellington, injures a woman and turns her into a paraplegic.

The woman is Scandinavian, an outsider, and her New Zealand family - her husband, his parents, and his

brother and her own children - respond to the tragedy in different ways. The father-in-law, a rich, self-made businessman based in Auckland, is a central figure.

The quality of this novel lies in its portrayal of the tensions that can exist inside apparently normal families: parents are disappointed in their children, for example, and the children resent it but are helpless to change.

And there can be redemption here, for instance, we have a true and moving picture of a woman discovering the scale of her love for her daughter-in-law. Gee is more interested in these undramatic lives than in his criminal murderer. Rosser's eventual fate is deliberately understated.

He hangs on to power, reluctant

NEST OF VIPERS



LINDA DAVIES

In the City, risk is a way of life.
And Sarah Jensen is about to risk hers...

NEST of VIPERS

'A TAUT SEXY THRILLER'
Evening Standard

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1 JULY 1995

BOOKS

Eyewitness on history

An entertaining fresh look at the insipid 1950s

With understandable indifference to the arithmetic of time, we are apt to think of the 1950s as a tawdry embarrassing, insipid, monochrome interval between the war and the 1960s, its back broken by the shame of Suez, its most memorable image the laughable 'Teddy Boy'.

But for Peter Vansittart, who was vividly there, the 1950s were more significant and colourful. In this memoir of the decade he marshalls before us a gallimauve of characters and events: great survivors from the pre-war period, new stars rising, theatre, politics, existentialism, debates about education and art, the invention of the teenager - all depicted with wry, needle-sharp perceptiveness.

Vansittart is - I choose my words - one of the best living writers of English. His style is laconic, scrupulous, polished; each sentence matters, there is not a half-hour of padding: every choice of expression is weighed. Take for example his characterisation of the Bergman films for which the 1950s queued, 'with their unfamiliar landscapes in calm static summers, menacing autumn, hangman's winters: the remote villages and manors,

uneasy towns, taut relationships mingling despair and eroticism, the subtle eyes and trim nakedness, smouldering pasts kindling manic obsessions'.

Vansittart gives equally telling portraits of dozens of the greater and lesser figures of the decade, and economically relates its history. He knew so many of the *dramatis personae*, and was such an alert observer of the principal events that he reads like an eyewitness. And yet he is persistently self-deprecating, calling himself a small-fry hanger-on and relishing anecdotes against himself: 'I once spoke at more than necessary length about Cary Grant to a lady of impressive features and stylish clothes. When I paused, she said serenely, "Some of what you say may, of course, be true. On the other hand, I was once married to Cary Grant, and..."'

The 1950s turn out to be immensely entertaining. Here is the poet Roy Campbell creeping up on Winston Churchill somewhere on the Riviera, and pinching his bottom. (And there - unrelatedly - is Churchill telling Somerset Maugham that he had slept with Ivor Novello to see what homosexuality is like.) There too is Freddie Ayer looking through indexes in a bookshop for references to himself, and - elsewhere - cheerfully remark-

poetry.' Vansittart writes, 'the most convincing criticism is demonstration, not assertion: Dylan Thomas and Kingsley Amis wrote poems. Let them be compared.'

Vansittart remembers the Fifties, at least until Suez, as a more optimistic time than we now think it. The Attlee reforms, the Festival of Britain, the Coronation, the fresh, light architecture of new schools and indeed whole new towns, the narrowing of income differentials, the hopes reposed in science, all conspired to make the future seem rosy. But although the mood after Suez was not exactly bleak, something had changed. Perhaps it was a combination of things: Khrushchev's revelations about Stalin - followed nevertheless by Soviet repression in Hungary - resulted in a collapse of idealism on the British left; this, and the Suez proof that Britain's greatness was over with no new role waiting (for we were fool-

ishly standing aloof from Europe), made for uncertainty. The decade seemed better characterised by its crises - Sterling Crisis, Balance of Payments Crisis, Berlin Crisis, Convertibility Crisis and Devaluation Crisis - all had been weathered, but the Suez Crisis was, in one way, a last straw.

While Angry Young Men gave voice to a mood utterly opposed to post-war optimism, the name of progress was being invoked to tear down old neighbourhoods in the East End and elsewhere, replacing them with blocks of flats and urban unease. Among the writers produced by the East End (they include Harold Pinter and Bernard Kops) Arnold Wesker first applauded the new world - 'Nationalisation! National health! Think of it, the whole country is going to be organised to co-operate instead of to tear each other's throats' - but saw there was a price in the loss of community.

Vansittart gives us a brilliant evocation of a period and its people, too often overlooked in summary accounts of the journey taken by Britain since the war.

A.C.G.

Secret service, private passions

Michael Foot on the brilliant - and flawed - men behind MI5

Big bonny books on the history of the British espionage system are a rare phenomenon, all the more to be treasured when we get them. We are lucky to have Tom Bower's excellent book of conversations with Sir Dick White, former head of MI5 and MI6, and we should make the most of it.

Readers of spy books may be distracted by individual names. They can leap from the pages and still leave doubts or excitement long after the author himself may have exhausted that particular episode.

The name which sits up and hits me and still leaves me feeling was that of my old friend and enemy, Arthur Koestler, author of *Darkness at Noon* - old friend he certainly was - enemy is too harsh, although we did have our aid.

Even our precious friends across the Atlantic were unsure how much they could help. An election was fought in which the Republican isolationists Rights seemed to be renewing its strength.

If their policy succeeded the arms embargo would not be lifted and Britain would be left to her fate as a warring faction. It is necessary to recall how truly isolated we were in that finest hour in order to recall the cataclysmic sense of relief when Hitler turned his offensive eastwards against the Russians, and everything else was turned upside down.

Here I must be excused for introducing another of my wartime comrades less kindly treated in these pages than Koestler. Along with Churchill, Beaverbrook welcomed the news with a genuine historical understanding and sought to transform the priceless change of fortune into achievement in the war factories.

To quote Bower, on Dick White, directly: 'Beaverbrook specifically directed MI5 that on no account were we to hunt for communists. Everyone against the Germans was on the right side.'

That doctrine prevailed for a while and whatever else was right or wrong with it, it helped to beat the Nazis. Beaverbrook knew more about producing weapons than MI5.

Tom Bower easily disposes of such misapprehensions. Dick White at least had some of his education among the infamies being perpetrated in the back streets of pre-1939 Germany, and he had an especially advantageous chance to see what contribution Jewish intelligence, in every sense of

Courtroom dramas played out on American television have fuelled a demand for the forensic novel, in which the plot develops less through its characters than by the twists and turns of trial procedures and the rules of evidence. This latest addition to the genre has the advantage that its author is a lawyer larger in life than any advocate in fiction. Since popular novelists like Grisham and Turow have failed to invent an Alan M. Dershowitz, the man has had to take up his pen and create himself.

This book is all about the morality of practising law, the problem of doing good that ill may come. The Dershowitzian conscience is represented by

the word, made to the salvation of their people as well as ours.

For my money Arthur Koestler was the most powerful arguer I ever met, and I had met a few. It did not mean he was right about everything; far from it. But it did mean that his combined logic, passion and historical insight drove him to relentless conclusions which his hearers would disregard at their peril.

Western civilisation itself could be condemned to the despair which he had seen in Franco's prison camps or the French imitators across the frontier.

Nothing could equal London 1940: those who lived through it might be accused of having an obsession. We were alone, apart from these brilliant and brave spirits who rallied to our aid.

Even our precious friends across the Atlantic were unsure how much they could help. An election was fought in which the Republican isolationists Rights seemed to be renewing its strength.

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I remember those debates vividly. Aneurin Bevan was putting the case in the House of Commons; we presented the same case in the columns of



Brave and brilliant spirits: (main picture) Sir Dick White, former head of MI5, who wanted to create a secret service worthy of the name, and (inset) Michael Foot's 'old friend and enemy' Arthur Koestler - who combined logic, historical insight and relentless, sometimes strange passions

unconditional surrender.

And, of course, there was a case for it in holding the alliance together. But there was also a formidable case on the other side. A rigid adherence to the formula could make it more difficult to incite and sustain resistance movements across the continent, such as did develop in several countries - Yugoslavia, Italy and the rest.

I remember those debates vividly. Aneurin Bevan was putting the case in the House of Commons; we presented the same case in the columns of

Tribune. Not until I read Bowe-

r's discoveries did I know that

MI5 had been on our

not so easy, as the profiteering libellers know.

One honourable man who

was driven to his death by

these procedures was Victor

Rothschild who had joined the

work in Koestler's time.

Another was Roger Hollis who

served his country no less

faithfully and survived every

investigation into his conduct

- but the jackals in this form

of degraded journalism are still

after him.

Bower has already proved

himself a good journalist of indepen-

dence, courage and skill. I envy

the whole achievement, but

especially his title. If I had thought of that, I could have made my fortune - I hope he makes his.

One last Koestlerian post-

script, as hinted above. My

quarrels with him were not

solely political. I discovered,

years after the attempt, that he

had tried to rape my wife. How

Dick White would have re-

ported such matters to his

superiors, I'm not quite

sure.

Passion is a proper element

in decent politics. Koestler had

plenty of it, but sometimes it

took some strange turns.

dane and protracted rituals with the lurid sensationalism that sells their novels.

There are almost 3,000 prisoners on death row in the US. Their fate is now the staple fodder of forensic fiction as American writers so shrill in condemning human rights abuses in other countries, exult in this barbarity in their own backyard. *The Advocate's Devil* shows that Dershowitz's talent for writing fiction is not so compelling that it should distract him from his more important task of putting a spoke in the wheels of the tumbrils that are taking non-fictional clients to electric chairs.

Geoffrey Robertson

Sequinned treatise

Lectures on nature are not always this good, writes Christian Tyler

By regarding this majestic volume as a companion guide, one may avoid altogether the question whether Simon Schama skips over the Channel to debunk some of the hearts-of-oak mythology that nourished England's maritime empire. (Who was Robin Hood, anyway?) He crosses to the US Pacific coast to show how the discovery of 300-foot sequoias gave young America a sense of its own prehistory and proximity to God. The section dedicated to a conclusion with Sir James Frazer's *The Golden Bough* and the Cross of Christianity, the sprouting staff of resurrection.

Water is a voyage from the despotically Nile (irrigation requires autocrats) to Bernini's fountain in the Piazza Navona at Rome, and a steamy account of Sir Walter Raleigh's search for El Dorado up the river Orinoco. In Rock we learn about Gutten Borglum, the man who sculpted US presidents out of Mount Rushmore, and his precursor Diocletian of Macedonia who was supposed to have desired to carve Mount Athos.

LANDSCAPE AND MEMORY

by Simon Schama

Harper Collins £30, 652 pages

entire, into the figure of a man holding a real city in his right hand. We visit China's sacred mountains and watch Henriette d'Angleville climbing Mont Blanc in 1838 with a black feathered boat.

Landscape and Memory is a vast, gorgeous, sequinned treatise which quickly overruns the limits of its manifesto. Digression is no longer a vice but the goal. One can but admire the bravado with which its author ties together his disparate threads; if the connections are often forced, the artifice irritating, much of the material is still fascinating.

The writing is virtuoso and florid in the Victorian manner. Schama has an exceptionally pictorial pen, which encourages him to take minor liberties with historical detail.

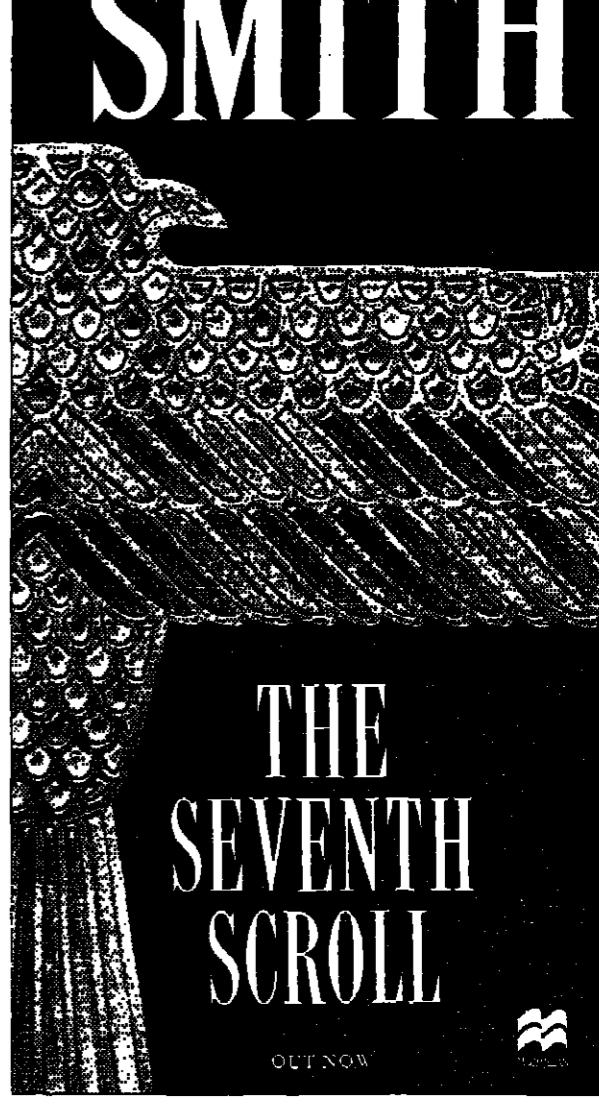
Meanwhile the publishers have treated their author - plainly an art critic *manqué* - lavishly. There are illustrations on nearly every page, magnificent colour spreads of Turner paintings, and a fold-out picture by a contemporary artist, Anselm Kiefer, among many beautiful plates.

Schama's blockbuster peters out - elegantly - with an essay on the European bison, a portrait of the grotesque Reichsjaegermeister Hermann Goering dressed for the hunt in the Bialowieza forest, and reflections on the persistent Teutonic weakness for woods.

Then follow an essay on the European bison, a portrait of the grotesque Reichsjaegermeister Hermann Goering dressed for the hunt in the Bialowieza forest, and reflections on the persistent Teutonic weakness for woods.

And that, surely, counts as history.

WILBUR SMITH



Guilty by association

Abe, a tough Boston trial lawyer with a sinking feeling that the plot develops less through its characters than by the twists and turns of trial procedures and the rules of evidence. This latest addition to the genre has the advantage that its author is a lawyer larger in life than any advocate in fiction. Since popular novelists like Grisham and Turow have failed to invent an Alan M. Dershowitz, the man has had to take up his pen and create himself.

This book is all about the morality of practising law, the problem of doing good that ill may come. The Dershowitzian conscience is represented by

who stalks his victims on the Internet - maintains sufficient interest to support most of his lawyer's ethical angst. There are a few witty anecdotes woven in, and debates over political correctness. The author has for many years written a column for *Penthouse* magazine, and it shows: Dershowitz can make his characters argue electrically, but he cannot make them have any form of sex either convincingly or interestingly.

This is a novel, however, about making law not love. Abe's problem, like Alain's, is his core belief that a professional

of privileged, money-hungry egomaniacs live good and usefull lives merely by sticking to a set of rules they have themselves devised for the comfort of their consciences. Thus

THE ADVOCATE'S DEVIL
by Alan Dershowitz
Headline Books £16.99, 311 pages

seems, has not grasped the difference between Moses and the American Bar Association. The book's lawyers are drawn from life, but their clients come from media stereotypes. The villain is one part Oliver North, one part Mike Tyson, with an astute dash of O.J. thrown in for topical measure. There is an all-too-realistic subplot in Abe's pro bono fight to save a death row inmate. Here, Dershowitz's clinical accuracy serves as a telling rebuke to other populists who exploit the resurgence of interest in the death penalty by investing its mun-

dane and protracted rituals with the lurid sensationalism that sells their novels.

There are almost 3,000 prisoners on death row in the US. Their fate is now the staple fodder of forensic fiction as American writers so shrill in condemning human rights abuses in other countries, exult in this barbarity in their own backyard. *The Advocate's Devil* shows that Dershowitz's talent for writing fiction is not so compelling that it should distract him from his more important task of putting a spoke in the wheels of the tumbrils that are taking non-fictional clients to electric chairs.

Geoffrey Robertson

OUT NOW

ARTS

Television / Christopher Dunkley
Economical – with the truth

Because of television's eternal need for pictures, economics is one of those topics that the medium finds difficult to handle. All abstract subjects, not least politics, present problems, and although television spends plenty of time (far too much in the opinion of some viewers) on party political disagreements, and even more on individual politicians, we see precious little about political philosophy.

Television simply does not provide a good means for explaining what has happened, say, to socialist belief since the fall of the Berlin Wall, or the significance of the "communitarian" theories that are now reaching Britain from the US.

Since economics at national level is simply one aspect of political philosophy, television has done very little to convey to the public the ideas of people such as Hayek, even though they have been largely responsible (via disciples such as Keith Joseph and Margaret Thatcher in Britain and the Reagan clique in the US) for major changes in our lives.

It is nearly 20 years since the BBC brought us *The Age Of Uncertainty* with J.K. Galbraith, followed a couple of years later by a less extensive series from Milton Friedman. Precious little comes to mind in the way of economics programmes since.

Good, then, to find that the BBC has now made a series of four programmes for a new Open University course called Economics And Changing Economies. The first, *Forecasting the Economy*, had its first two screenings in March; the second, *Modelling in the Moor Industry* was shown twice this week; the third, *Modelling in the Long Term* will be shown at the end of July and the beginning of August; and the fourth, *Modelling in the Money Markets* will receive its first two transmissions in September. They are readily available to the general public on BBC2.

Core readers of the FT will have realised already that this is a specialised series dealing not with the use of the Lloyd's building as a backdrop for photographing girls in new frocks, but that other type of modelling, the sort used in attempting to forecast what will happen to the economy.

For the layman, the programmes are eye-opening: we learn that there are entire teams of people in smart grey suits, nipping across pedestrian precincts with expensive briefcases to sit beside pot plants in glass-sided offices, where they go to great and

happened. Then we would know which to trust.

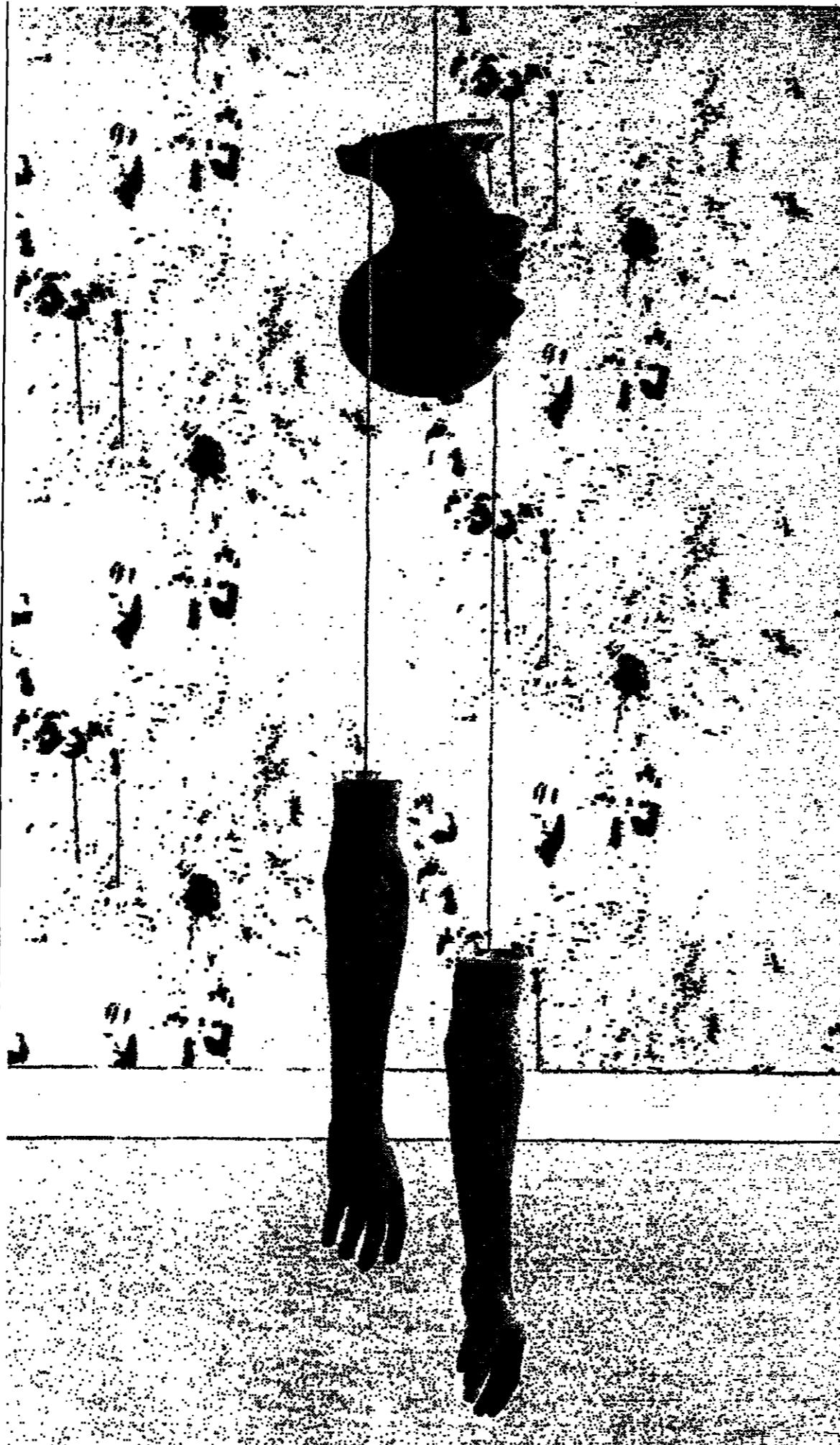
Alison Tucker, who produced the series, does do just that – or rather she consults Christopher Huine, former City editor of *The Independent*, who has been checking form in this way for some time – but not until the final programme.

Huine reveals that each year somebody's forecast has been virtually spot-on, but each year it has been somebody different. This seems tantamount to saying that economic or even econometric modelling is about as reliable as interpreting the entrails of a cockerel or reading Tarot cards.

Sure enough, at the very end, Paul Ormerod tells us about a 1988 study ranking the forecasts of major national governments, the OECD, and the IMF during the period 1987-92 against a "naïve rule" that this year's rate of growth or this year's inflation will be equal to last year's.

The naïve rule, says Ormerod, performed at least as well as the forecasts and on inflation proved a bit more accurate. So all that expensive modelling turns out to be no better than the cheapest and simplest rule of thumb.

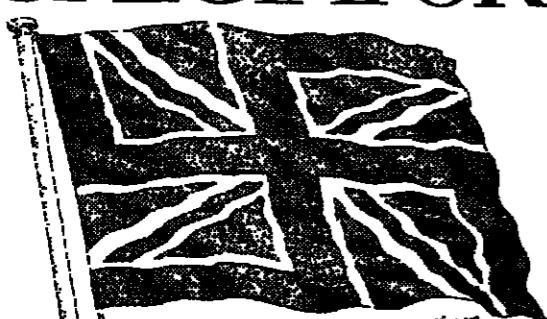
Do core readers of the FT watch Open University programmes? Perhaps they should.



Suspension of disbelief: Detail from Skin of the Teeth by Abigail Lane on show at the ICA

Edward Woodward

THE SPECTATOR



Anne Applebaum: how the British would have collaborated under Nazi rule

Nigel Lawson: how I lost the battle over poll tax

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Boris Johnson: start cutting taxes now, Mr Clarke – it's our money after all

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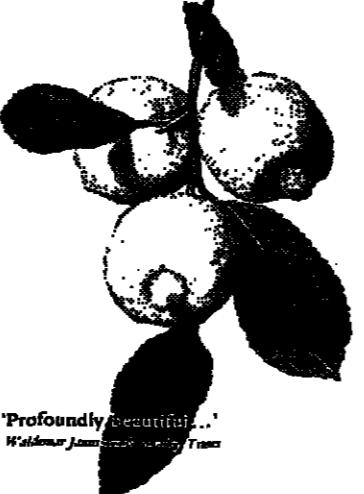
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PROPERTY

Landless survivors of a bygone age

Owning a substantial country home has always been an Englishman's dream. Gerald Cadogan reports

The large number of Range Rovers to be seen at 2.30pm on Fridays in west London on the A40/M4 route to the shires, is a sign that people with money still find fulfilment in escaping to a house of substance in the countryside.

Country houses continue to provide the benefits of rural life, but many of their owners no longer have responsibilities to local farming communities that have been traditionally part of living in "the big house".

Often, accompanying agricultural land has been sold to neighbouring farmers, who can benefit from a more efficient use of their machinery. This may leave the country house an island... If a few acres remain, they will support a hunter and a pony or two, but cannot fund the property's upkeep - or its swimming pool and tennis court.

But the British enjoy these landless survivors of a bygone age. The British formed 94 per cent of buyers of country houses in 1994, according to Savills Residential Research, which characterises them as "wealthy, mature and equity-rich". They have to be, to produce £500,000.

The buyers are also becoming older. Last year 72 per cent of them were in the over-40 age range, against 67 per cent in 1993, and there was a slight increase in buyers looking for a place to retire (6 per cent from 4 per cent).

There was a decline to 17 per cent from 27 per cent in the number of buyers with growing families who need more space, which is surprising as parents might be expected to feel exhausted at coming with destructive 10-year-olds cooped up in a London house.

At this time of year, a place in the country, including pool and tennis court, ought to look almost irresistible to harassed parents. Thus, at Knight Frank & Rutley, Patrick Ramsay's buyers are mainly "the traditional market" of British families in search of space. Some

have been looking for a year to 18 months.

Thinner winter advertising may have suggested that supply is short but, with the daffodils in full bloom, more houses are coming to market. In any event, "there has never been a flood", says Charles Ellington, of buying agent Property Vision, who sees a reasonable supply of buyers and sellers so far this year.

The higher up the price scale, the more international the market becomes. For a £1m house, 35 per cent of KFR's potential buyers will be from abroad, including UK expatriates, as well as Germans and Dutch helped by their strong currencies.

Gone for good is the late 1980s froth-element of British buying, which often ended in tears and forced sales as owners, or their schemes for converting the houses into flats, golf clubs and hotels, went wrong.

Prices are not now noticeably rising, except in a few well-publicised cases. Ramsay finds. But they did rise last year. To the disappointment of vendors who are still waiting to retrieve what they paid in the balmy times of seven years ago, agents now stress that there is nothing like over-pricing - even by 5 or 10 per cent - to kill a sale.

Ellington, which acts only for buyers, expects its clients to be even more price-conscious this year. At the back of their minds is another rise in interest rates. A different view comes from Strutt & Parker where James Laing, with more would-be buyers than sellers, expects some price rises "through desperation", since possible sellers of a year or two ago by now have no need to sell (unless faced with debt or divorce).

"If they managed to survive the recession, they are now earning more money and can sit tight." But buyers are still appearing who have made money in the last three years. Demand will squeeze prices higher.

A possible bear point is



Coker Court, East Coker, near Yeovil, Somerset: the main wing of which is on the market for £385,000. TS Eliot had connections with the village



Garthnewin, in north Wales, is on the market for the first time, at £1.25m

Lloyd's Laing has maintained consistently, and correctly, that Lloyd's losses have been a minor factor on the selling side. That may change when the next set of devastating bills appears in June and some Lloyd's Names reach the limit of their losses and have to sell their country houses. Lloyd's houses may well be on the market in late 1995 and early 1996. But there are not that many houses involved.

Prices for prime properties rose by 7 per cent on average in 1994, Savills estimates, and by 12 per cent in the home counties, peaking at 17 per cent in Surrey and north Hampshire. At the end of the M40, north Oxfordshire and Warwickshire also saw double figure growth. In Avon and north Wiltshire (on the M4 route) it averaged 8 per cent. At the bottom of the 1994 table are south-east Dorset and Herefordshire, where prices rose 3 per cent.

Charts for different parts of the country - for a five-bedroom house (village/farmhouse size) and a nine-bedroom house with a few acres - tell a similar story about last year's rises, and are a reminder that prices were still falling in 1992. They also show how much more expensive it is to buy close to London or, in the five-bedroom range, to Manchester.



Southill House, Somerset, listed grade I, costs £700,000

East Anglia offers good value. The Elizabethan Walpole St Peter Manor near King's Lynn in Norfolk is called locally "the manor of the fens". Restored with help from English Heritage, it costs £219,995 with eight acres from agents Belmonts. A price notch up is the 17th/19th century Wacton House between Norwich and Diss, with nine bed-

rooms, six acres, stables, pool and cottage, for £390,000, from Strutt & Parker. Nearby Saxlingham Old Hall, part of Anne of Cleves' divorce settlement from Henry VIII in 1538, is yet grander. It is built on a Tudor E-plan, but lost its moat in 1884. With 16 acres, it costs £550,000, from Savills.

In Gloucestershire Ragsgate Park is a beautiful Queen

Anne house with plenty of outbuildings which needs refurbishment. For £775,000 from Knight Frank & Rutley in Cirencester, it could become a dream country house provided the new owner is satisfied with 14 acres, mostly park.

In Hampshire £685,000 buys most of Sherfield Court near Basingstoke from Hill & Morrison or Edwards & Elliott. This

romantic Elizabethan Queen Anne house, with a thatched octagonal loggia added in the 1920s by the architect-owner Lord Gerald Wellesley, has 21 acres. Vita Sackville-West wrote about the moated island garden in her poem *The Land*. Part of the house is not for sale but that does not affect privacy.

TS Eliot is the poet linked with East Coker in Somerset. The title of one of the *Four Quartets*, it is where he is buried and where his forebears left to go to the US. The partly-Georgian main wing of Coker Court includes the medieval great hall, for £385,000, from Michael de Pelet. Also in Somerset is Southill House near Shepton Mallet, designed by John Wood the Younger (of the Royal Crescent in Bath) and listed grade I. It costs £700,000 from Savills in Bath.

The grandest house is Trafalgar House near Salisbury, designed by John James (of St George's, Hanover Square) with additions by Wood and Nicholas Revett. In 1815 a grateful nation bought it to give to the Nelson family. After the last Lord Nelson died unmarried in 1947, and the Atkin government stopped the Nelson family pension, it took an Act of Parliament to let it be sold. Now for sale again, it costs £1.5m from KFR in London.

But a real country gentleman needs an estate as well as a house. Garthnewin, near Abergele in north Wales, is on the market for the first time, at £1.25m from Lane Fox or Strutt & Parker in Chester. Here the Wynne family has lived for more than 1,000 years. The Georgian house with additions by Clough Williams-Ellis (of Portmeirion) has a chapel and theatre and comes with 858 acres.

■ Belton, King's Lynn (£1.5m); Michel de Pelet, Sherborne (£1925-812336); Edwards & Elliott, Ascot (01344 872388); Hill & Morrison, Odham (01256 702892); Knight Frank & Rutley, Cirencester (01285 659711) and London (0171 629 8171); Lane Fox, London (0171 499 4765); Savills, Bath (01255 441622) and Norwich (01603 612311); Strutt & Parker, Chester (01244 320747) and Norwich (01603 617431).

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Motoring / Stuart Marshall

The plusses of 4x4s

People who live in towns and buy off-road vehicles rarely, if ever, take them off the Tarmac. They have no idea how beneficial all-wheel drive and low-ratio gears can be when the going gets really tough.

City and suburban off-roads, with their menacing bull-bars, are lifestyle purchases. They are even being equipped with deformable - and, one hopes, more pedestrian-friendly - bull-bars made of plastic. They must be as useful as the mock hood irons that used to decorate fixed head coupés years ago.

But, as anyone lucky enough to have been driving, say, an Audi quattro or Subaru Legacy in the wintry spuds last month will know, all-wheel drive is a pearl beyond price when roads are covered with a couple of centimetres of snow. Spreading the engine's power among four wheels does wonders for traction because the less power a tyre has to transmit, the more likely it is to grip and not spin uselessly on a slippery surface.

As Jensen discovered nearly 30 years ago with its FF (an Audi rediscovered 15 years later with its first Quattro turbo-coupe), all-wheel drive makes very powerful cars much easier for ordinary mortals to handle.

Harry Ferguson revolutionised agriculture half-a-century ago by mounting tractor ploughs on hydraulic linkage instead of trailing them behind, as in the days of the horse. He thought the car industry would fall over itself to adopt his next great idea: four-wheel drive transmission. Jensen apart, there were no takers. Even now, 4x4 versions of normal road-going cars are a minority choice - unless you happen to live in the Alps or the Scottish Highlands.

However, having experienced a 4x4 car's superior traction and handling balance, many users are reluctant to go back to simple front or rear wheel drive. Soon they will have more cars to choose from. Ford, first of the high-volume, popular-price European manufacturers to get involved with all-wheel drive on road-going cars, has added a pair of 4x4s to its Mondeo range.

Prices of the 2.4 litre, 16-valve engined Si and Ghia 5-door hatchbacks and estates are between £16,210 and £19,585. As



Audi A6 Estate 2.5 TDI 140 quattro. The first road-going four-wheel drive with an economical diesel engine



TRAVEL

Flying on a drink and a prayer

Farrol S. Kahn on the cures available to sufferers from aerophobia

Drinking is one of the many ways of coping with the fear of flying. "I know of Icelanders who begin to drink at 6am on a flight," a local psychiatrist told me in the bar of the Lofthleidir Hotel in Reykjavik over coffee, "when it is customary for them to drink only socially in the evening. They hardly ever touch alcohol at lunch."

Dr Eirikur Orn Arnarson, of the Department of Psychiatry at the University of Iceland, has been concerned with aviation psychology for 15 years. In collaboration with Icelandair he runs "Enjoy Flying" courses to treat passengers suffering from aerophobia, a condition that can recur after treatment and be contagious. In the case of a fearful flyer, his wife and children can be affected.

Aerophobia is a complex anxiety disorder and stems from six different types of distorted thinking (see panel, right). It can afflict anyone from students to pilots, the majority of whom tend to be either perfectionist or slightly obsessional, and in the case of men, over-achievers. Aaron Spelling, the producer of television programmes Dynasty and Beverly Hills 90210, and David Ogilvy, founder of Ogilvy and Mather, are among this group. Paul Getty was so aerophobic that he delegated all his flying to a colleague.

The biggest giveaway of nervous passengers is their tendency to clutch the armrest of the seat on take-off and consequently they have been dubbed the "white knuckle brigade". They are probably unaware that their grip is a re-enactment of the Moro reflex - a clutching response of the hands and feet that babies show soon after birth when they sense they are falling.

Fear of flying affects more people than other phobias. It has reached double figures and could be as high as 44 per cent in the US. Of all anxieties encountered by Americans, it

ranks second only to public speaking.

Iceland is a good country to study the condition because its population is so dependent on air travel. There are no railways, and roads can be closed for long periods during winter.

With a population of 250,000, Icelanders on average make two domestic flights a year and 20 per cent fly internationally.

In a recent survey conducted on the fear of flying in Iceland, 17.7 per cent said they were always afraid. The phobia was more common in the middle-aged than in the young and more common among women than men (25 per cent and 9 per cent respectively). About 10 per cent of the population does not fly because of fear and

The nearest airlines come to nursing care today is the massage service provided by Virgin

another 8 per cent experiences extreme discomfort when strapped into seats.

Surveys in other Nordic countries reflected similar results - 25 per cent of the people in Sweden and 22 per cent in Norway had always been afraid of flying.

The main reason for their anxiety, which accounted for an average of 50 per cent, was the fear of mechanical failure. This was followed by inability to control the situation, fear of heights and, lastly, fear of enclosed spaces.

In a breakdown of the phases during which air passengers experienced degrees of discomfort, there were few surprises. Flying in bad weather produced the greatest apprehension and fear of take-off was

second. But there was an interesting variation between the sexes. Men reported more discomfort on take-off while women experienced this when flying in bad weather.

The respondents also reported a variety of physiological reactions which confronted them with the prospect of flying or during flight. These included tense muscles, changes in heart rate, sweaty palms and trembling hands and knees.

What aerophobia represents to airlines is lost revenue. Boeing has estimated that it account for a 9 per cent loss of ticket sales. However, surveys suggest this may be on the low side.

There is also a new trend in the 1990s for 90 per cent of fearful flyers to develop their fear while flying compared to the 1970s when the majority had never flown.

Aerophobes would be inclined to take two-thirds fewer trips than people who are not afraid, costing the US travel industry more than \$1bn in potential annual revenue, according to Boeing.

Treatments for aerophobia abound. There are pharmaceutical remedies, behavioural and stress therapies, as well as relaxed flyer courses.

The most obvious thing to do is to reach for a drink or swallow a tranquilliser. A businessman I know, desperate to find a solution, used to resort to both alcohol and tranquillisers. He argued that he could not admit to such a weakness and if he did, he might fail to obtain promotions or lose his job. I explained that this was a short-term solution and dangerous because the lack of oxygen of the pressurised cabin increased the potency of drugs. He was not convinced but changed his mind when I told him that it was illegal to be drunk on an aircraft.

What I recommended was a course of de-sensitisation which was undertaken by a chartered clinical psychologist. Here the participant's fear is gradually overcome through

The six causes of aerophobia

1. Fear of heights
2. Claustrophobia
3. Space phobia - when someone is terrified by the idea of being surrounded by a void
4. Panic-related anxiety in which a person fears he or she may experience a heart attack, go crazy or lose control with no means of escaping the aircraft
5. Such fears as the fear of crashing because of bad weather, mechanical failure or a terrorist bomb
6. Post-traumatic reactions following an emergency landing or acute ear problems, for example

repeated exposure to the object or situation in the mind and reality. This behavioural technique is also available in some areas of the National Health Service.

Some airlines run relaxed flying seminars. The sessions, which can be spread over a day or two, involve subjects such as relaxation training, cognitive theory, aeronautics, meteorology and are capped by a graduation flight. Essentially, they can vary from behavioural concepts, such as desensitisation, to the cognitive approach whereby passengers are encouraged to change the way they process information and beliefs about flying.

Although the treatment is successful, there are disadvantages, as it is time-consuming and is geared to deal with small numbers at a time. Luftansa, which has run courses since 1981, has helped only 4,000 people. The same is the case with other airlines.

To some extent the industry has an ambivalence towards the problem in spite of the re-



The marmish jackets, "shower" caps and flowing capes of these United Airlines flight attendants set a style that lasted for three decades

ence loss. Aerophobia is seen as a negative element in airline marketing and is not something they want to publicise.

Passengers too are reluctant to reveal their fear and to attend a course to overcome it.

In Iceland, only about 50 per cent of fearful flyers expressed an interest in taking remedial measures.

At the heart of the matter is

the fact that relatively little is known about flying phobias.

But one element that worked well during the days when flying was in its infancy could well make a contribution today.

Steve Simpson, a manager at United Airlines, was a man of vision when he proposed the use of pretty nurses on board Boeing 747s in 1970.

These early flight attendants allayed the fears of the intrepid pioneer passengers at a time when air travel was a potentially fatal pursuit, as the flimsy aircraft tended to crash easily, or lurch from air pocket to air pocket, making airsickness commonplace.

Simpson's great psychologi-

cal punch, as he termed it, was to take care of both fear and airsickness: the fear by having young females on board, and the airsickness by their nursing experience.

The first stewardesses wore

double-breasted jackets and skirts and once on board donned white nurses' uniforms. If all the 12 seats were taken, they sat on mailbags or suitcases.

Sixty years later, regardless of technological improvements, passengers are still apprehensive. But the nearest airlines come to nursing care is the massage service provided by Virgin for its upper class passengers.

Michael Edwards, a veteran collector from Oxford, overcame his fear of flying in a way any of us could emulate. His fear stemmed from the days when he learned to fly a Chipmunk at the age of 17. On the way to his lesson one day, he discovered that the Chipmunk had nose-dived into a field not

far from the airport. This was sufficient to turn him into a flying phobic.

However, over the past two decades he has managed to overcome his apprehension through a novel technique. "I read books or articles that I'm dying to read for the occasion when I have to fly," he explains.

"As soon as I'm on board I fasten my seat belt and begin reading. During the flight my preoccupation is so complete that when I next notice the aircraft has landed."

My own method of air travel - flying healthy - tends to run contrary to the latest technological developments. I seek to reduce the physiological and psychological challenges by limiting the period spent in the air and avoiding crowds on the ground. Therefore I choose to fly from regional airports rather than from main hubs and opt for stop-overs rather than non-stop flights.

On board, I tend to avoid high-tech entertainment systems or office facilities and

treat this period as time-out for relaxation and creative activities. Such an approach has made my experience of flying a positive one for it is less stressful and exhausting and I can indulge in the exhilaration of the event itself.

And this is how I came to be in Iceland. The country is in a good position to be a stop-over on one of the world's busiest air routes, the North Atlantic, for it is two hours from mainland Europe and five hours from North America.

The excitement of this discovery was short-lived when I found that I had been pipped at the post by a member of the British royal family. The Duke of Edinburgh regularly uses the country as a stop on his transatlantic trips. Whenever Prince Philip arrives, it is his custom to call on the air traffic controller to bring him for a cup of coffee and pancakes.

■ **Farrol Kahn** is the author of *Better Shape* published by Thorsons, £4.99. He has set up the Aviation Health Institute in the UK.

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SPORT



Tiger on the prow: Eldrick Woods, 19 years old, who plays in the Masters this weekend

Golf/Derek Lawrenson

The young Tiger burns bright in Augusta

The usual suspects were rounded up for interview at Augusta National this week. Nick Price, looking to win his third major championship in a row; Nick Faldo, the pre-tournament favourite; Jose-Maria Olazabal, the defending champion; Jack Nicklaus, because Wednesday would not be Wednesday at the Masters without him; the Golden Bear's thoughts on golf, life and the universe.

Then there was Eldrick Tiger Woods, a household name in America three years before he will turn professional. Woods would have been a good tale this week for just his golfing achievements, or for the fact that he was a black teenager playing Augusta, a course that was once a bastion of racism. But put the two together and everyone wants a word.

Minority groups are not well represented in golf and the sport is somewhat embarrassed by the fact. Four years ago at the PGA Championship in Shoal Creek, Alabama, the chairman of the club, Hal Thompson, was asked why they had no black members. "I don't think it would be appropriate do you?" he said smugly. The remark caused a furor.

Now every club that hosts either a major championship or a US tour event must have at least one black member. Even Augusta National, which usually does the dictating, was forced to toe the line. They did not go overboard of course. They found a wealthy media-type and

invited him to join and to date he is still the only black member.

Professional golf remains a white man's domain. No black golfer has come close to winning a major championship. Interestingly, many of the sport's leading protagonists have come from poor backgrounds - Lee Trevino and Severiano Ballesteros instantly come to mind - which devalues the argument that blacks are priced out of the sport.

Eldrick Woods is a household name in the US three years before he turns professional

But with no heroes to inspire and no tradition of playing the game, the sport has always appeared beyond either the desires or the aspirations of black people. Enter, then, Tiger Woods. No wonder Tom Watson calls him the most important golfer to emerge in the last 50 years.

It is important to state that there is no positive discrimination going on here. Woods' cv contains a list of achievements that have outstripped similar prodigies such as Jack Nicklaus at the same age.

There is a touch of charisma about his golf as well. Last year he won the US Amateur Championship

(the reason he is at Augusta and not at Shinnecock Hills for the US Open and St Andrews for the Open) in spite of trailing by six holes at one point.

But it is his background that is going to be an eternal source of fascination as well. His father, Earl, was a green beret, his mother is from Thailand and the former's intense regret at not taking up golf until the age of 42 instigated an extraordinary programme of teaching his son to play the game almost before he could walk.

There is an amazing sequence of photographs of Woods swinging the club at the age of three. The backswing is on the correct plane; the hip movement is spot on; even the drive through the hitting area makes few concessions to his lack of body strength. It is hardly surprising then, that 17 years on Woods' swing is a thing of elegance and beauty. He is taught now by Butch Harmon, a Texan who works with Greg Norman among others.

Woods senior did not simply introduce him to the physical nature of the sport. He taught him all about its psychology. He used his military experiences to harden his son mentally to the point where Woods regarded six down in the final of the US Amateur not as a lost cause but the prelude to a memorable victory. By the time he was 15 he had appeared on five prime-time shows across America, been presented with a trophy by Sam Snead and teed up with Norman, Nicklaus and John Daly.

All this and now Augusta too. The media interest has heightened to the point where this month he is on the front cover of *Continental Airlines* in flight magazine. *Sports Illustrated* ran 11 pages on him. Only Michael Jordan currently commands more sporting column inches.

On Wednesday, Woods gave his first Augusta interview when 300 white faces stared back at him. It was a remarkable performance, full of self-assurance, wit, and the touch of arrogance he is going to need if he is to fulfil everything expected of him.

"I am comfortable being a role model. It is quite an honour," he said. Some people thought it was all a bit too calculating.

"Anything take your breath away at Augusta?" one exasperated questioner asked.

Woods was up to it. "Yes, playing 38 holes in a day on Monday," he replied.

He then spoke touchingly about the achievements of his fellow Stanford University students. "One is dissecting DNA. Another in the same dorm is beyond calculus." None get to sit in front of a worldwide audience at 19 and make headlines around the globe.

Who would have thought it? The two best young players in America and one is black and the other, Phil Mickelson, belongs to that other practically non-existent group, the left-handed professional. But Mickelson, as they say, is another story.

Soccer / Peter Berlin

The blazers - mobilising for war

before the start of the Uefa Cup qualifying round.

The Intercontinental Cup is an example of the logic of these proliferating competitions. It was founded by the Asian Football Confederation in 1992 and held in Saudi Arabia, where the hosts underwrote it. The participants are the international champions of every continent plus Saudi Arabia.

Fifa runs only the World Cup and a series of age-group tournaments. It jealously guards the pre-eminence of the World Cup. Fifa officials admit that it decided to bless the Intercontinental to ensure that it was under control and not a potential rival.

Denmark, champions of Europe won the tournament, beating Argentina to collect the first prize of around \$1.5m (£930,000) to go with their appearance money of \$500,000. But the true value of the cup lies in its appeal to soccer's traditionally disadvantaged continents. Africa has one place at the

Intercontinental, the same as Europe, Asia as host, has two. The votes of Asia and Africa helped Joao Havelange take and keep the Fifa presidency.

To the charge that the tournament only increases the number of games for top players, Fifa replies that it falls in Europe's winter break and summer is the time for players to rest.

The competition also helps to remind national federations that a Fifa tournament must take precedence. The fact that it is meaningless only serves to drive the point home.

Uefa has been the source of most opposition to Havelange's rule. The recent changes to the map of Europe have increased the size of the European voting bloc but they have also diminished the appeal of Uefa's most lucrative competition the European Champions' Cup, by cluttering it with the champions of poor, unglamorous new nations.

Scared by the threat of a break-

away club superleague, Uefa has spent the last few years tinkering with the Champions' Cup to make it more attractive to big clubs, sponsors and broadcasters by maximising matches played by the champions of Germany, Spain, France, Italy, Portugal, the Netherlands, Sweden and England, where the revenues are greatest.

Uefa banished teams from eastern and southern Europe to the Uefa Cup and fiddled with the seeding.

Uefa tidied up the European Cup by shovelling the Moldovans and Finns into the Uefa Cup. Now it has turned its attention to increasing the western European participation in this competition without alienating voters in the Fifa election. One answer is the Intertoto Cup.

The Intertoto Cup was founded by continental pools companies in the 1960s to give them something to put on their coupons in summer. It has limped along since, drawing

teams from the smaller middle European nations.

Now Uefa has touched it with gold dust: the two finalists will gain automatic Uefa Cup places. Suddenly everyone wants to play - except the Spanish. Their players' union is insisting on its summer holiday. The result will be a competition that appeals to sponsors and broadcasters and ties up Europe's second-tier clubs in Uefa-organised matches.

Leading English clubs have complained, but the Premier League has requested three places. These will be filled by sides that do not otherwise qualify for European competitions and finish higher than 12th in the league. Undoubtedly teams from the strongest nation will win the Intertoto. It is possible that Germany could end up with seven teams in the Uefa Cup next season.

Uefa has also doubled the number of countries in the European Championship finals to 16, thus

increasing the number of matches, the number of happy voters and the appeal to television.

Inevitably there are losers. In England, the big clubs want to skip the Football League's Coca Cola Cup if they are playing in European competitions. The Premier League is plotting its escape from FA control. It will produce a new rulebook later this year. This may seem innocuous, but in the hands of a determined man in a blazer a rulebook is a terrible weapon.

The flow of money does not, however, all go through the big clubs, the big broadcasters and the big sponsors. The proliferation of television channels, all craving the guaranteed audience soccer delivers, increases demand at all levels. This may take the shape of an attempt to get top footballers on the cheap - one British cable channel is plotting what amounts to a beach soccer league for this summer. But it can benefit lower clubs.

The Premier League, founded in 1991, has brought big money to top clubs. But the teams left behind in the Football League, which now has a separate sponsor and television contract, have done proportionally better. Watch out for the GM Vauxhall conference on a channel near you.

Rugby Union / Huw Richards

Council tenants with big plans

God, we are often reminded, is firmly on the side of the Big Battalions in modern competitive rugby. Last week's Pilkington Cup semi-final line-up matching London's top clubs Wasps and Harlequins with the best of the provinces, Bath and Leicester, might seem to point that way.

Perhaps it is having so resolutely non-Christian a name that makes Saracens impervious to such viewpoints. Their north London ground is in a public park, their annual turnover of around £150,000 is little more than many junior clubs and their first-class status is of relatively recent standing.

Yet small has been devastatingly effective in this year's Courage League Two. With only one team promoted, the race for the top flight was expected to be close. But with four games to go, it is over. Saracens go to Fylde today in celebratory mood, already promoted, nine points clear of the field. Second-placed Wakefield are closer in points to the relegation zone.

A decade ago the late John Currie, then chair of Harlequins, predicted that there would ultimately be two top-flight London clubs. Trends in the 1980s have supported him, but Sarries have refused to accept that they cannot achieve the status of Quins and Wasps.

To see them purely as a London club is to miss an underlying strength, a vast Essex and

eastern counties hinterland that gives the club a distinctive identity amid London rugby's rootless cosmopolitanism.

Even so the 10-team League One, with two teams to be relegated, is a fearsome proposition. Saracens are returning to the top after a two-season break. Bryan Davies, captain, says: "We know it will be tougher and faster, but after a couple of seasons away it could take a few games for this really to sink in."

In eight seasons, League One has broken the spirits of several promoted teams. Bedford once conceded 467 points in 11 games while Liverpool St Helens' subsequent plunge ended in League Four. But the performances this season of promoted Sale, in fourth place, and West Hartlepool, just above the relegation zone, have been encouraging.

Saracens have neither West's intimidating forwards nor Sale's lethally inventive backs. But they are probably a better all-round team than either. Nobody will frighten them, as Mark Evans, Saracens' coach, says. "It is a tough, competitive league and it will be a real battle. I reckon only Bath and Leicester, perhaps Wasps, can honestly say that they are safe from relegation in the near future. Anyone else can have a bad run, or injuries, or lose confidence."

One element in small-club success is developing talent. Davies says: "Good coaching is vital. Talent has to be nur-



Saracens on the charge: the north London club secured promotion with four games to go

tured. For instance Richard Hill is an immensely talented player, but he came to us as a number 8. Mark saw his potential as an open side, persuaded him to make the change and worked with him to make it successful."

Evans says: "This club is known to give talent its chance. If you're good enough you won't be stuck three years in the seconds."

So recruitment is supplementing development. Saracens will not name names. But up to a dozen new recruits, including Gareth Rees, the Canada outside-half, could strengthen next season's squad.

Income and expenditure will rise: "More money comes in through the turnstiles, but outgoings, including players' legitimate expenses, go up at the same time," says president Jim Wyness.

Early promotion means Saracens can start selling advertising and sponsorship - this year Pinnacle Insurance has gone to the unusual length of sponsoring away games - early on the basis of their new status.

Uncertainty continues over their council-owned ground. Both its 300-seater stand, whose percussive tin roof acts

as a magnet for balls kicked into touch, and its democratic barn of a bar - in which players, committee and fans mix freely without the segregation of some other clubs - have a certain charm. The social side is good enough to compensate Davies for a weekly 800-mile commute from Cardiff for training and matches.

But the club would like better social and spectator facilities.

"We aren't planning a miniature Old Trafford. We are very sensitive to the impact any development will have on residents," says Wyness.

Promotion will mean shot-hunting crowds of 4,000-5,000 into the ground, with much erecting and dismantling of the temporary stands that give big matches at Bramley Road their close, distinctive atmosphere.

"It's a great leveller. People don't like coming here," says Davies of Saracens' cramped ground and determined team.

E.F. Schumacher, one suspects, would have loved it.

Tennis / John Barrett

A queen at midnight

Hold your breath at midnight tomorrow. As the clock strikes 12, Steffi Graf, just nine weeks short of her 36th birthday, will be back where she belongs atop the WTA Tour computer.

Graf displaces Arantxa Sanchez Vicario from the No.1 world ranking, a status which the 23-year-old Spaniard has enjoyed for two stretches, totalling eight weeks, since February 6. This will be Graf's 27th week in pole position, an achievement surpassed only by Martina Navratilova (167) and Chris Evert (157)

and ahead of Evonne Goolagong Cawley (88). The win is Graf's 12th in a row.

How important is this piece of trivia? Fairly important, say tennis historians: there have been only six No.1's since the rankings began a decade ago; very important, say the players for whom achievement, rather than money, is the spur; crucially important, say their agents. How much easier to negotiate an endorsement contract for the world No.1 than for the No.2?

Wait a minute. Graf was not playing this week, was she? Correct. How then did she overtake Sanchez? The answer lies in the complexities of the computer ranking system which judges everyone on a moving 12-month period.

Sanchez sprained her right ankle during the course of beating Amanda Coetzer in the last 16 at Hilton Head last week and defaulted to Magdalena Maleeva. The injury is expected to keep her off court for up to six weeks. Sanchez Vicario is unable to compete this week at Amelia Island, where she won last year, and also loses those points from 12 months ago.

Graf has not competed since winning the Lipton title two weeks ago in Key Biscayne. That third title of 1995 had

woman player ever to have lifted a racket.

Ever since 1984, just before her 11th birthday, when she granted her way to the under-12 Sport Goofy title in Orlando, Seles has defied definition. Despite an inadequate physique, moderate court coverage, a poor serve and average volleys, she turned professional at 15 and in the course of four years made herself into arguably the greatest match player of all time.

I shall never forget her victory over an astonished Graf in the French Open final of 1990 that set her on her way. Aged just 16½, this frail creature, all arms and legs, had destroyed the world champion with an exhibition of ferocious baseline driving. The youngest ever winner of a Grand Slam title this century, one year later Seles became the youngest ever world No.1.

At the time of her stabbing in Hamburg on April 30 1993, Seles had won eight grand slams: three each in Australia and France and two at the US Open. The last, a dramatic three-set victory over Graf in Melbourne, had given us a tantalising glimpse of the future. Seles was forced into new territory by the glittering quality of Graf's play. For the first time Seles was forced to produce some booming aces, some successful serve-and-volley points and even some one-handed forehands. Here was the evolutionary process at work. Only by adapting to the danger could she have survived.

The only predictable thing about Seles is her unpredictability. We may never know just how great a champion she might become. I have no doubt that she had the potential to become the finest

Chess No 1.059:

1. Nxe7+ Kc7 2. Ncb5+ Kd8 3. Qxd6 Qxd6 4. Nxd6 Rxd6 5. Bf4 Rxa6 6. Bxd6 won on material. 1. Nxc6 bxc6 2. Rxc6+! also wins speedily.

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CONCERTS

- Symphony Hall Tel: (410) 783 8000
- Baltimore Symphony Orchestra: Mark Elder conducts Ravel, Mendelssohn, Ravel and Tchaikovsky; 8.15pm; Apr 8, 9 (3pm)
- Baltimore Symphony Orchestra: with pianist Andre Watts. Hermann Michael conducts Wagner, Ketting and Beethoven; 8.15pm; Apr 12, 13
- THEATRE
- Center Stage Tel: (410) 685 3200 Hannah Senesh: written and directed by David Schechter, music composed and arranged by Steven Litvak. An adaptation of diaries and poems by a Hungarian Jewish woman in Nazi occupied territory; 8pm; to Apr 23 (Not Mon)

BERLIN

CONCERTS

- Deutsche Oper Tel: (030) 34384-01
- Orchestra of the Deutsche Oper Berlin: Jiri Kout conducts Beethoven, Martinu, Tchaikovsky; 8pm; Apr 13
- GALLERIES
- Altes Museum Tel: (030) 203 550 Munch and Germany: exhibition of early works by Norwegian artist Edvard Munch and German artists influenced by him; to Apr 23
- Deutsches Historische Tel: (030) 215 020 Art from the GDR 1949-1990: exhibition that looks at politically commissioned art in the German Democratic Republic; to Apr 18
- Neue Nationalgalerie Tel: (030) 266 2653 George Grosz, Berlin-New York exhibition of the German Dadaists who emigrated to the US; to Apr 17

OPERA/BALLET

- Deutsche Oper Tel: (030) 34384-01
- Aida: by Verdi. Conductor Stefan Soltesz, production by Götz Friedrich; 7pm; Apr 14

● L'italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7.30pm; Apr 8, 12

● Ondine: music by Tchaikovsky. Premiere at this venue, choreographed by John Cranko, produced by Reid Anderson and Jane Bourne; 7.30pm; Apr 9 (7pm), 11, 15

□ Staatsoper Unter den Linden Tel: (030) 2 00 4782 Der Rosenkavalier: by Strauss. Nicolas Bréger directs a new production. Sets are designed by Reimund Bauer. Donald Runnicles conducts; 6.30pm; Apr 8, 13

□ Theater des Westens Tel: (030) 31 90 31 93 Street Scene: by Kurt Weill. In English with soloists Janice Fetti and Dean Anthony. Conducted by James Holmes; 7.30pm.

BONN

GALLERIES

- Kunst- und Ausstellungshalle Tel: (0228) 9171 236
- Russian Museum of St Petersburg: third in "The Great Collections Series". The museum in St Petersburg houses 500,000 works from which 500 have been selected for this exhibition to represent 500 years of Russian art and culture; to Aug 13 (Not Mon)
- Under the Volcano Antique Masterpieces: second in the "Great Collections Series", this exhibition represents a modern "excavation" from among the 200,000 works of the Museo Archeologico Nazionale di Napoli, including statues, frescoes and ceramics; to Jun 5 (Not Mon)

CHICAGO

GALLERIES

- Chicago Art Institute Tel: (708) 289 9800 Gustave Caillebotte: exhibition with 117 works by the "Urban Impressionist" recently seen at the Grand Palais, Paris; to May 28

DUSSELDORF

GALLERIES

- Kunsthalle Düsseldorf Surrealism in Spain: 200 paintings, sculptures, drawings and photomontages by Dalí, Miró, Picasso etc. The exhibition looks at the roles played by regions of Spain in the development of the Surrealist movement and includes many works concealed during the Spanish Civil War; to Apr 17

FRANKFURT

CONCERTS

- Alte Oper Tel: (069) 1340 400
- Jitka Čechová: pianist plays Busoni, Liszt and Smetana; 8pm; Apr 9
- Radio Leipzig Chamber Philharmonic: with soprano Edith Liebacher and alto Ulrike Hetzel. Enoch zu Guttenberg conducts Bach's "Saint Matthew Passion"; 8pm; Apr 9

OPERA/BALLET

- Alte Oper Tel: (069) 1340 400 Gräfin Mariza: by Kálmán. Premieres the production by the Budapest Opera Theatre; 8pm; from Apr 13 to Apr 22

GENEVA

CONCERTS

- Victoria Hall Tel: (022) 311 25 13 Swiss Romande Orchestra: with soloists Miklos Perenyi and Stefan Hussong. Armin Jordan conducts Prokofiev and Shostakovich; 8.30pm; Apr 10
- GALLERIES
- Art et Histoire Tel: (022) 311 43 43 Icons: the Mavromichalis donation; to

INTERNATIONAL ARTS GUIDE



Michael Nyman: concerts at the Royal Festival Hall, London, today and on Thursday

May 7

□ Centre d'Art Contemporain Tel:

(022) 329 18 42

Tony Oursler: installation by the artist; to May 28

LILLE

THEATRE

- Le Mésaphore Tel: 20 40 10 20 Wie: The Secret Life of Madame Tussaud. By Lavinia Murray, produced by Anna Fusa. In English; from Apr 12 to Apr 22

LONDON

CONCERTS

- Barbican Tel: (0171) 638 8891
- Royal Philharmonic Orchestra: with soprano Christine Brewer. Jane Glover conducts Schoenberg, Strauss and Mozart; 7.30pm; Apr 13
- Yo-Yo Ma: Bach unaccompanied cello suites; 8pm; Apr 10
- Yo-Yo Ma: cellist with the London Symphony Orchestra. Sir Colin Davis conducts Tippett and Elgar while Leon Kirchner conducts the UK premiere of his own "Music for Cello and Orchestra"; 7.30pm; Apr 12
- Queen Elizabeth Hall Tel: (0171) 928 8800
- Andreas Haefliger: pianist players Beethoven, Schubert and Mussorgsky; 8pm; Apr 9
- Peter Grimes: by Britten. Directed by Elijah Moshinsky and conducted by Edward Downes; 7.30pm; Apr 8, 11, 13, 15
- Royal Opera House Tel: (0171) 304 4000
- Peter Grimes: by Britten. Directed by Elijah Moshinsky and conducted by Edward Downes; 7.30pm; Apr 8, 11
- The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten "mini festival" at the Royal Opera; 7.30pm; from Apr 10 to 15 (7pm)
- THEATRE
- Aldwych Tel: (0171) 836 6404 Indian inc: Tom Stoppard. With Felicity Kendal, Margaret Tyzack and Art Malik; (Not Sun)
- Cockpit Tel: (0171) 402 5081 The Yiddish Trojan Women: by Carole Braverman, directed by Hettie Macdonald. Comedy involving four American Jewish women; 8pm; from Apr 23 (Not Sun)
- Gielgud Tel: (0171) 494 5065 Design for Living: by Noel Coward and directed by Sean Mathias; 8pm; (Not Sun)
- Old Vic Tel: (0171) 928 7616 Conversations with My Father: by Alan Ayckbourn. Stars Judi Hirsch who won a Tony award for his role; 7.45pm; (Not Sun)

PARIS

CONCERTS

- Champs Elysées Tel: (1) 49 52 50

● Philharmonic Orchestra of St Petersburg: with violinist Shlomo Mintz. Youri Temirkanov conducts Prokofiev; 8.30pm; Apr 12

● Philharmonic Orchestra of St Petersburg: with violinist Martha Argerich. Youri Temirkanov conducts Prokofiev; 8.30pm; Apr 12

● Philharmonic Orchestra of St Petersburg: with mezzo-soprano Eugenia Gorokhovskaya and the London Symphony Chorus. Youri Temirkanov conducts Prokofiev; 8.30pm; Apr 13

● Paul Hill Chorale: Paul Hill conducts Verdi's "Requiem"; 8pm; Apr 9

GALLERIES

- Centre Georges Pompidou Tel: (1) 47 72 12 33

● Constantin Brancusi: first French retrospective of the Romanian born sculptor and painter who spent 50 years in France. The show offers a chronological and thematic look at 103 sculptures, 38 drawings and 55 photographs; from Apr 14 to Aug 21

● Louise Bourgeois: retrospective of drawings; to Apr 17

● Galerie Schmit Tel: (1) 42 60 36

From Delacroix to Matisse: exhibition including the works of Picasso and Degas; to Apr 13

□ Musée d'Orsay Tel: (1) 45 49 11

James McNeill Whistler: exhibition of works; to Apr 30

□ Musée Du Petit Palais Tel: (1) 42 65 12 73

Carthage: history, its impact and resonance; to Jul 2

OPERA/BALLET

- Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

Lucia di Lammermoor: by Donizetti. A new production by André Serban. Maurizio Benini and Roberto Abbado (from April) conducts the Orchestra and Chorus of the Paris National Opera; 7.30pm; Apr 8, 11, 14

THEATRE

- Petit Odéon Tel: (1) 44 412 36 36

Cat and Mouse (Sheep): written and directed by Gregory Motton, a satirical look at England. The first in a season plays in English; 8.30pm; to Apr 23

SAN FRANCISCO

GALLERIES

- de Young Museum Tel: (415) 883 3330

Monet: paintings of Monet's garden in Giverny from the Musée Marmottan. An exhibition of 22 works created between 1903 and 1926; to May 29

OPERA/BALLET

- San Francisco Ballet Tel: (415) 865 2000

● Programme Five: includes the world premiere of "Caparolli" with traditional African music and Bach. Choreography by Val Caniparoli; 8pm; Apr 9 (7.30pm)

● Programme Seven: includes "Bagaku" with music by Toshiro Mayuzumi and choreography by George Balanchine; 8pm; Apr 8

□ Studio Theater Tel: (202) 332 3300

Rhinoceros by Ionesco. Joy Zimmerman directs the Absurdist's comedy warning of the dangers of conformity; 8pm; to Apr 16 (Not Mon)

□ Washington Shakespeare Company Tel: (703) 418 4808

A Streetcar Named Desire: by Tennessee Williams. Christopher Henly directs; 8pm; to Apr 15

● An Evening with Agnes and

Ruggiero: mezzo-soprano Agnes Baltsa and bass-baritone Ruggiero Raimondi are accompanied by pianist Ronald Schneider; 8pm; Apr 9 (11am)

● Wiener Concertverein: with the Arnold Schoenberg choir and soprano Anna Korondi. Erwin Orner conducts Britten and Dvořák; 7.30pm; Apr 12

GALLERIES

- Metropolitan

Nadar: the first major survey of photographs by Félix Tournachon Nadar (1820-1910), the celebrated portraitist of mid 19th century Paris. The exhibition comprises of approximately 100 vintage prints; from Apr 14 to Jul 9

□ Museum of Modern Art Tel: (212) 708 9480

● Helen Chadwick: Bad Blooms: the English artist's most recent photographic series comprising 13 large photographs of flowers in a variety of viscous liquids; from Apr 13 to Jul 1

● Kandinsky: Compositions: exhibition featuring approximately 40 works including seven of the surviving "Composition" paintings; to Apr 25

OPERA/BALLET

- Metropolitan Tel: (212) 362 6000

● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Flora; 8pm; Apr 8, 11 (8.30pm)

● Parsifal: by Wagner. Produced by Otto Schenk, conducted by James Levine; 6.45pm; Apr 14

● Pelléas et Mélisande: by Debussy. A new production by Jonathan Miller. Conducted by James Levine; 8pm; Apr 15

● The Ghosts of Versailles: by Cilea. Produced by Colin Graham, conducted by James Levine; 8pm; Apr 12, 15

□ New York City Opera Tel: (212) 307 4100

● Haydn Milk: music by Stewart Wallace, libretto by Michael Korie. A new production conducted by Christopher Keene, a story about gay activist, dirty politics, murder and riots; 8pm; Apr 13

● La Traviata: by Verdi. A new production conducted by Yves Abel and directed by Renata Scotti. Soloists include Janice Hall/Oksana Krovitsky and Stephen Mark Brown/Richard Drews; 8pm; Apr 8

■ WASHINGTON

CONCERTS

- Kennedy Centre Tel: (202) 467 4600

● Alfred Brendel: pianist; 8.30pm; Apr 12

● Jessye Norman: soprano with pianist Ann Schein in a programme of works by Berg, Strauss, Ravel and Messiaen; 7pm; Apr 10

● National Symphony Orchestra: Elizabeth Schulz conducts Berlioz's "Symphonie Fantastique"; 8.30pm; Apr 8

● National Symphony Orchestra: with conductor violinist Iona Brown plays Britten's "War Requiem"; 8.30pm; Apr 14

● Paul Hill Chorale: Paul Hill conducts Verdi's "Requiem"; 3pm; Apr 9

GALLERIES



Peter Aspden

A pink paste that is shaping Britain

Taramasalata has become a key indicator of the UK's much-changed culture

When I was a boy, my Greek mother used to make a mysterious dish which never failed to worry me. It was a pink, fishy, paste which, though delicious, did not resemble anything else I ate.

It certainly was not available in the school canteen, and the very mention of the dish's rather odd name made my English friends explode with laughter. It was acutely embarrassing, and so I never, ever talked about taramasalata in public.

Thirty years on, the inoffensive dip has become nothing less than a key indicator of Britain's much-changed culture. Londoners talk of the days when "you couldn't even

get a tub of taramasalata" to describe the culinary dark ages, when a snatched half-hour in a Wimpy bar was as racy a gastronomic experience as most people could get.

Today, more refined and ever-so-sophisticated, the island of taramasalata surrounded by piping-hot pitta bread on a buffet table has become a cliché, an example of lazy thinking, marginally more exciting than a cheese-and-wine spread. We pronounce sagely on the degree of pinkness required, as if we were born with the stuff coursing through our veins. How soon we forget.

Taramasalata - made from the roe of grey mullet or smoked cod - was one of the very first "exotic"

foods to be made available to a traditionally introspective British food-buying public, available at first in the chic delicatessens of central London, but destined, as it were, to spread.

Soon, it began to appear everywhere. Marks and Spencer started stocking it (today it even has two versions, standard and deluxe) and the more conservative supermarket chains duly followed. With the advent of the versatile we-self-everything corner shop, it came into its own.

These days, in the average inner city neighbourhood, you may not easily find fresh fruit, nor toothpaste, nor a last-minute packet of condoms; but rest assured you are never more than a couple of hun-

dred yards from a tub of taramasalata.

Last week, Britain's love affair with the pink stuff came to a splendid conclusion when Timothy Eggar, the minister of state for trade and industry, celebrated the Zam expansion of a taramasalata factory in west London with the memorably mangy metaphor: "Not jam tomorrow but taramasalata today."

The factory, it seems, had been thinking of moving to France, but was encouraged to stay by a government grant. The expansion, Eggar was reported as saying, reflected "the objectives set by my London manufacturing initiative".

So now we know. Here we all

are, listening to that nice John Major talking on television about the revival of British manufacturing, thinking possibly about steel and ships when we should have been thinking taramasalata. This pale, unpretentious paté seems destined to play a prominent role in shaping Britain's post-industrial profile.

And why on earth not? The factory is set to export much of its produce (which will include other Greek foods) to Europe without so much as a twinge of self-consciousness: if you can buy a Made-in-China bobby's helmet from a vendor in Piccadilly Circus, what is wrong with a Made-in-Britain moussaka? Perhaps we could even flog it to Greece?

And here lies the irony: for in its native country, taramasalata is not actually a terribly popular dish, other than in these tavernas which cater shamelessly for British tourists. In Cyprus, it is virtually non-existent.

In truth, taramasalata has become a distinctively British dish, rather like chicken tikka, prawn crackers or tortilla chips.

When curious foreign friends ask me to define British cuisine, I feel it is dishonest to dwell on fish-and-chips and tisty pies. In culinary terms, Britain has been conquered by the world over which, a century ago, it stood like a colossus.

And I have to say, it doesn't taste bad at all.

Cuts above the rest

What is it that makes one steak succulent and vastly superior to another, one joint juicy and the other barely edible?

The best country butchers could always tell. Their secret was to buy beef animals from farmers whose cattle they knew, slaughter them themselves, then hang the carcasses for several days before offering them for sale. But meat produced in this way was not cheap, and many consumers were led by lower prices to desert high street butchers' meat in favour of plastic-wrapped supermarket products.

Now, meat-eaters are coming to the conclusion that price is not everything. But as many of the old-fashioned butchers have been forced out of business by the switch to supermarket shopping, it is the big retailers who are cashing in on the return to quality. Traditional meat counters are appearing in supermarkets, where string-tied joints, cuts and chops, prepared and ready to roast or grill, lie invitingly on trays alongside delicatessen products.

Marks and Spencer claims to have started the return to traditional butchers' counters, but other multiples are quickly following suit. Furthermore, it seems sales from these counters, where premium prices are charged, are virtually all "new business" and have had little effect on sales of pre-packed meat products on the adjacent self-service shelves.

But the cosmetic measure of reinstating butchers' counters is not enough. To ensure business holds up, quality must be maintained to justify the higher prices.

In the search for a reliable supplier, M&S's directors and tasters championed their way through 4,000 steaks. As they chewed each one, they noted details of the animal from which it had come - its breed, how it had been fed, whether it had been hung after slaughter, and so on. Their collective conclusion was that the best meat came from cattle

Breeders of Aberdeen Angus cattle cannot believe their luck

sired by Aberdeen Angus bulls that had been reared in Scotland and adequately matured in the traditional way. The company then set out to find a source of supply that could deliver to specification all the year round. Inevitably, given the preferred breed, it found it in Scotland.

The company was Scootheef, a wholesale supplier that had been doing business with M&S for more than 20 years. Scootheef had already built up a sizeable trade supplying quality meat in the UK and abroad and it was asked to find farmers who could produce the cattle required.

M&S drew up detailed specifications. It stipulated that the animals must be suckled steers - that is, castrated males that had been suckled by their mothers for at least six months - that their breeding should contain a preponderance of Aberdeen Angus, that they should not be slaughtered until they were at least 18 months old, and so on.

It also laid down standards of animal welfare and the diet on which the cattle should be fed. These standards were similar to those already used for all M&S beef animals of whatever parentage and specifically excluded the feeding of animal proteins.

To encourage farmers to produce the high-specification beef, Scootheef pays them premium prices. These are normally about 5 per cent above prevailing market levels, which vary from week to week.

By the time the cattle are slaughtered and their carcasses dressed, that is, boned and trimmed of surplus fat, this translates to about a 10 per cent premium in store. Much of the front-end meat, such as brisket, has to be turned into mince and sausages and can only be retailed at about 5 per cent more than M&S standard beef.

So far, this high-quality sector of M&S meat business is requiring about 200 cattle each week. That is only about 10 per cent of the company's current total beef sales, but company bosses believe the market has potential for a great deal of growth. Indeed, they say they could sell more meat now if they could get it, but they refuse to lower standards.

Meanwhile, the breeders of Aberdeen Angus cattle, which had become a little unfashionable alongside the bigger breeds imported from the continent, cannot believe their luck. As a direct result of the M&S initiative (and indirectly as other companies are copying it), demand for quality pedigree cattle has soared in recent years.

The average price of an Aberdeen Angus breeding bull to sire this traditional quality meat has increased from £2,000 five years ago to £3,000 last year.

For the time being, demand for bulls, like the beef they produce, exceeds supply.

David Richardson



Fighting mood: Prof David Bishop at Wytham Farm, near Oxford, with the cages used to test genetically improved virus insecticides on cabbage caterpillars Trevor Humphries

Professor Christian Tyler meets David Bishop, the virus manipulator who lost his job

The scientist who last year released into the open air a caterpillar-killing virus mutated with a gene for scorpion venom - probably the world's first such experiment outside the laboratory - has himself been badly stung.

Prof David Bishop is hopping mad after his sudden ejection from the publicly-funded British research institute he has led for 11 years. And he is reaching for his lawyers.

Bishop is a tall, fit 57-year-old with a precise delivery and the air of a man who usually gets his way. It is clear that his removal has come as a shock: there are moments when, like a person bereaved, he has difficulty maintaining control.

If Bishop had his way, his compulsory early retirement from the Institute of Virology and Environmental Microbiology at Oxford would become as much a cause célèbre as the controversial biotechnology experiment he has been supervising.

An easy conclusion is that Bishop has been removed because his superiors in the Natural Environment Research Council have been scared by the scorpion gene controversy. But things are not so simple.

If the NERC feared controversy, why did it risk the wrath of a strong-minded director by removing him without notice last month and giving him only three days to clear his desk?

Does the NERC want to end the virus experiment in the cabbage patch at Wytham outside Oxford? Its spokeswoman says Bishop's retirement has nothing to do with it. Indeed, the Council likes this project, which fits its new "mission". However, its future is to be reviewed along with the rest of the institute's programmes.

According to the Council's managers, Bishop was pensioned off because he resisted the revised mission. Another director had to be found.

Bishop is furious at what he claims is the damage to his reputation - there has been absolutely no impropriety, he said - and claims he was never consulted about a new mission. Furthermore, the new mission statement was much the same as the old one.

Bishop is not a man to play down his own attainments. "I know more than anybody in this country about viruses," he said. "I mean, I'm one of the top people in the world on the subject."

If you are a pope and write long articles critical of nearly everything, you can be sure of a good hearing in those bits of Europe not largely populated by your co-religionists.

But elsewhere, comment might be decidedly hostile, as it was in the case of the encyclical *Evangelium Vitae*. In it, John Paul II condemned abortion, euthanasia and contraception.

The Vatican daily, *Osservatore Romano*, was almost alone in the Latin world in backing it to the hilt. In London, the *Sunday Telegraph*, often known as the *Osservatore Londino* these days, asked those who call themselves liberals to consider the possibility that the Pope might be right.

South European papers showed little interest in the views themselves, but concentrated on the revealed conflict between faith and democracy.

In Madrid, *El País* said there was no question that the title of the encyclical was noble. "Not so, unfortunately, its content. Once

petitive subject, if you're going to advance your career, you've got to work very hard.

"And this is one of the big problems in this country: people don't work. They tend to work Monday to Friday, nine to five."

Self-assured, stiff-necked and ambitious, Bishop is just the type of man institutions find awkward. His primary ambition, he says, is to convert scientific research into everyday use - not to win a Nobel Prize, but at least to be where the action is.

Bishop says there is no question of him mishandling the mutant virus controversy. He may have disagreed with Prof John Krebs, the Oxford zoologist who became chief executive of the NERC 11 months ago, about the timing of a public meeting with protesters last year, but sees himself as an effective communicator and coherent defender of the work.

He understood, he said, why critics were concerned and upheld their right to protest. He had argued for a representative from Friends of the Earth or Greenpeace to sit on the authority that supervises the release of mutant strains.

Do you attract strong likes and dislikes?

"I would say that I'm known as a very strong person with regard to my scientific standing. I set very high standards, and because of those standards the institute is where it is today. It has been described by NERC as the jewel in their crown." Perhaps you were too severe a manager?

"I've done things the same way for 11 years," Bishop replied. Colleagues at the institute had been stunned, he added, project leaders were in tears and three were looking for new jobs.

You have been described as a disciplinarian.

"I wouldn't say disciplinarian. I set high standards and I lead from the front. For instance, I have been working 6½ days a week. I would expect my staff to follow suit. Some do, some don't. But in a very com-

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As They Say in Europe / James Morgan

Faith has no room for votes

more the present Pope insists on demonstrating the grave difficulties he faces in understanding and accepting that his role in modern society is limited to the moral and spiritual guidance of those who freely choose to be part of his church. He does not understand that it is not possible to recover the powers which his predecessors thought appropriate . . .

He then argued that "condemning artificial means of birth control in the name of life" is marked by contradictions and incomprehension of the realities of this world".

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Weekend Investor

Wall Street Goldilocks and the three bulls

Traders think the US economy is neither too hot nor too cold, writes Maggie Urry

So Goldilocks tried some of the porridge from the tiny little bowl. This time it was neither too hot nor too cold. It was just right - and so delicious that Goldilocks ate it all up.

Like Goldilocks and the porridge, Wall Street's view of the economy is that it is neither too hot nor too cold. And that is delicious fare for the stock market.

After the blip at the end of last week, when shares took flight at an upward revision to the growth figure for the last quarter of 1994, the market has again reached new highs. This week's economic news has convinced investors that the so-called soft landing - a combination of moderate growth and low inflation - is on its way, if not already here.

Yesterday's employment statistics showed a slower rate of growth in non-farm jobs, a rise of 203,000 compared to 245,000 in February. Jobs in manufacturing, which rose 45,000 in January and 18,000 in February, fell by 4,000 in March.

As so often, the stock market took a perverse pleasure in bad news. Never mind the 4,000 people who lost their jobs, the fact that they have shown the economy is slowing down.

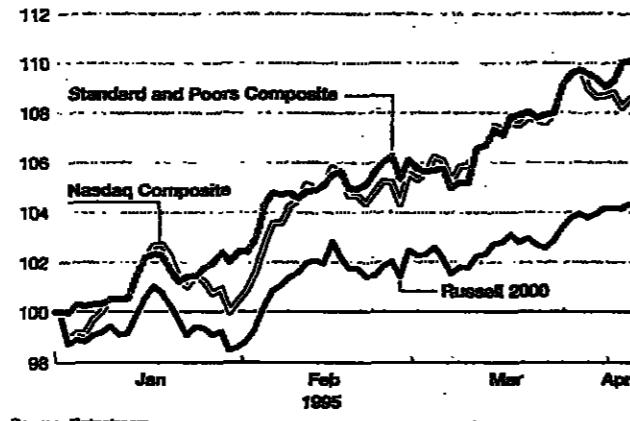
Other statistics this week have suggested the same conclusion. The purchasing managers index fell, as did the index of leading indicators. Construction has been weak, so have retail sales. Both General Motors and Chrysler announced a drop of nearly 10 per cent in year-on-year auto sales in March. Sales in January and February had been poor too. Ford did better, reporting a 3.4 per cent rise in sales for the month.

One theory for weak retail and car sales is that tax refunds have been delayed this year, as the tax man has scrutinised returns even more carefully. Another is that Easter falls in April this year, but was in March last year, clothing sales have been delayed, not abandoned. If so, when the refunds come through this month, sales of Easter bonnets could still be strong.

Whether or not the economists are right about the soft landing, investment returns for the first quarter of the year have been good. Adding in dividends, an investor in the S&P 500 index would have made 10 per cent on his money in only three months.

Small isn't beautiful

Indices rebased



large proportion of earnings outside the US, generally the larger companies.

The effect of the falling dollar and the slowing US economy on corporate profits will become clearer as companies publish first quarter results over the next few weeks. If the trend is weak, the market may decide that a soft landing is not such a good thing after all and share prices could slip.

Already, retailers' shares have been weak as investors translate the poor sales figures into dull profits. The fall in car sales led Robert Eaton, Chrysler chairman, to warn that first quarter and first half earnings will be hit by the discounts it has been offering to buyers of vehicles. Chrysler shares fell the next 12 months.

Among technology stocks Wall Data, a software company quoted on Nasdaq, warned on Thursday that it could make a loss in the first quarter, and its shares nearly halved on the day. Shares in Dialogic, which makes hardware and software for telecommunications, fell 20 per cent on a warning that earnings would be below forecasts.

The expectation is still for continued growth in profits, but that view appears to be so fully reflected in share prices that the market cannot countenance disappointment. After all, in the fairy tale the bears came home and chased Goldilocks away.

Dow Jones Ind Average

Date	Monday	Tuesday	Wednesday	Thursday
Monday	4,168.41 + 10.72	4,201.61 + 33.20	4,200.57 + 1.04	4,205.41 + 4.84
Friday				

One side effect of the falling dollar has been a preference by investors for companies with a

Spring is in the air, and the bulls are in the ascendant in the UK stock market. The FT-SE 100 index, having broken out of its 2,950-3,150 trading range, surged past the 3,200 level on Thursday.

The recent rally has taken the Footsie 233 points higher, or 7.9 per cent, over the past month. At yesterday's close of 3,210.9, the index is at its highest level since early September.

Nor has the upturn been confined to the blue chips. Both the FT-SE 350 index and the FT-A-All-Share have been reaching new highs for the year, and advancing stocks have regularly outpaced those in decline. In the past 10 trading days, the ratio of advancing to declining stocks has been 1.4, close to its high for the year.

After such a good run, it would be only natural for the market to take a breather. Rallies rarely follow a straight line path, since some investors

take profits and others take profit at the increase in the traditional valuation measures.

For example, the dividend yield on the All-Share, which reached an attractive 4.3 per cent in mid-March, dropped below 4.1 per cent on Thursday. Its low for the year was 4.01 per cent.

The historic price-earnings ratio on the FT Non-Financial index has edged up above 17, having fallen to 16.4 a month ago.

The market seems to have moved in two phases this year. Having started at quite historically high valuation levels (a p/e of 18.2 per cent, a p/e of 18), profits and dividends have sufficiently to reduce those ratings. But since early March, optimism about interest rates on both sides of the Atlantic has pushed the ratings up again.

With analysts expecting further earnings growth of around 15 per cent this year, it is easy to see why forecasts of the Footsie reaching 3,500 by the

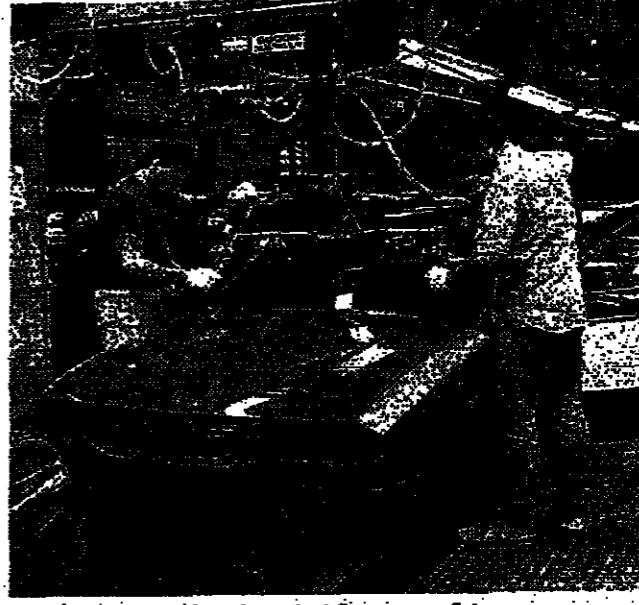
end of the year are widespread.

What can go wrong with this rosy picture? While the tone of the results season has been generally good, there has been some evidence of a tailing off in recent weeks. The four week average of the dividend index, calculated by subtracting the number of cuts from the increases and expressing the result as a percentage of the total, has dropped to 6.1 per cent, having peaked at 6.5 per cent in mid-March.

The dividend index is used by this column as a general indicator of the health of the corporate sector, since dividend payouts reflect directors' confidence in their companies' prospects.

More fundamentally, the recent rally has owed much to the strength of bond markets and to the buoyancy of Wall Street, which has daily been setting all-time highs.

Even since Alan Greenspan, chairman of the US Federal Reserve, hinted in late February that interest rates might



Slowing down: manufacturing output figures were flat

employment increased was lower than expected, but February's was revised upwards. In turn, hopes have been raised that UK interest rates might not have to rise as much as had previously been feared.

The June short-term contract, the market's vehicle for speculating on future interest rate changes, has risen from 92.30 before Greenspan's comments to 92.82 on Thursday. In layman's terms, this means that the market's expectations for interest rates in June have fallen by half a percentage point over the past six weeks.

Eddie George, governor of the Bank of England, met Kenneth Clarke, chancellor of the exchequer, this week to discuss monetary policy. In the absence of an official announcement, it is assumed that the pair agreed to leave base rates unchanged at 6.75 per cent.

But George will want to see

evidence that economic growth is slowing to a sustainable pace, thereby heading off inflationary pressures, before he can feel confident that rates have peaked.

There was some tentative evidence of an economic slowdown this week in the shape of manufacturing output figures.

These showed that output in the three months to February was no higher than in the previous three months. However, Confederation of British Industry surveys, which show manufacturers highly optimistic, casts doubt on the official figures.

But it is evidence of the slowing US economy which is more important to the market at the moment. Yesterday's non-farm payroll figures were seen as mixed; March's

But on S.G. Warburg's estimates, these stocks are now less highly rated than the market, particularly when one looks out to 1996 earnings. Consumer goods stocks have moved from a discount to a premium, as the market looks ahead to higher interest rates and slower economic growth in 1996.

Warburg also points out that services companies have stayed at a p/e premium to the market over the past few years. It warns that the earnings outlook for the group (which includes sectors such as media and leisure), is for slightly lower growth than the market as a whole; furthermore, the area has seen the bulk of the recent earnings downgrades by analysts. Given these factors, Warburg says it is hard to see how services stocks can outperform.

Barry Riley



Enter, pursued by a bear

Dr Duhm reacts badly to mention of a bullish Wall Street

My knees were definitely knocking slightly. I knew I was going to be scared. I was about to meet once again Dr Mortimer Duhm, not for nothing known as the white knuckle ride guru. Duhm is the name, doom is the game.

I began rather tactlessly. It was, I opened brightly, a bad time for bears. Wall Street was re-established in a bull market, while interest rates had apparently peaked in the US and were coming down in Germany and Japan. As for global bonds, dollar-based investors had enjoyed an average total return of 11 per cent in the first quarter.

Mort Duhm glowered. Cornered bears can turn nasty. "But of that return, two-thirds represented dollar depreciation against pretty well every currency except the Italian lira," he snapped. "Let me make a prediction. Those returns will go much higher in the rest of the year, but only because the dollar will be in free fall."

Surely though, I said, the dollar was getting into heavily oversold territory. It was maybe 50 per cent undervalued against the Japanese yen on the basis of purchasing power parities. The German and Japanese central banks had been intervening this week and the Bundesbank, at least, was not

renowned for throwing good marks after a bad currency. "Just peanuts," snorted Mort. "We've come down from 100 to 84 yen already in 1995 and now we're on the edge of a precipice. The US Federal Reserve has been so busy bailing out Mexico that it has failed to understand the implications of what happened to the peso."

"Remember that foreigners suddenly got tired of financing the balance of payments deficit of a country that showed no inclination to curb its overconsumption and to balance its external accounts. Now for Mexico read the US, which has financed itself with \$700 billion of hot money during the past few years. True, the debts are less serious relative to the size of the US economy than the Mexican borrowings were. But in absolute terms they are much bigger."

"And a lot of the recent buying of US Treasuries appears to have been by central banks in Asia and South America. This has to be regarded as very low quality support, once they work out their open-ended vulnerability to exchange rate losses and set about diversifying their reserves."

"Anyway, the dollar has

helped to swell the January trade gap. The US dollar may need competitive devaluations against the Mexican peso and the Canadian dollar. Horrible to think about, isn't it?" He grimmed.

But surely, I said, the strength of dollar bonds was a positive development, and a sign of an easing of financial

yields are down. "So the new gloss is that the US economy is heading for a soft landing. Because of skewed seasonal adjustments the figures may actually suggest that for a few months. But in truth the bond market is temporarily distorted by exchange rate intervention. The combination of a weak currency and a strong bond market is freakish. Tell your readers to steer well clear."

The blood was beginning to drain from my knuckles. "I'll go this far," I said. "The Americans are taking a big risk in continuing to run a sizeable budget deficit, about 3 per cent of GDP, right through the full employment stage of the cycle. Given that the private sector savings ratio is so notoriously low in the US there is not enough domestic capital to cover all the demands, from both the public sector and the private sector. So foreign capital has to be drawn in - effectively, to finance investment."

Cumulatively this is driving the US into a position of being a heavy net borrower from the other countries. But the US government still behaves as though the dollar is God's gift to a grateful world."

"You are beginning to understand," said Mort Duhm

generously. "To provide the capital, he went on, foreigners had to be attracted by the cheapness of dollar assets. But dollar bond yields were lower

than those in most of Europe, and most international investors were convinced that equities were overpriced on Wall Street.

"This can only be reconciled by a crash in the currency to a level at which dollar assets look cheap again to hard currency investors. But so long as the central banks are resisting that change, there will be a stand-off. Meanwhile the slow downwards drift means that foreigners who do dip their toes into the water suffer losses and are discouraged."

"But the bulls in America see it very differently," I answered. "They point to the restructuring of the industrial economy which is making the US much more competitive. Production capacity has grown much bigger than the traditional measurements would suggest. Meanwhile Japan is about to suffer a financial crisis under pressure from the cheap dollar and will have to close massive amounts of capacity."

Eliminate the Japanese trade imbalance and you have got rid of half the US current account deficit at a stroke. It's not an American problem, it's a Japanese problem."

Mort Duhm gazed at the ceiling. "It sounds like an over-imaginative movie screenplay by Michael Crichton," he said. "But they've gone and sold all the studios to Japan."

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17th April 1995